

ANNEXURE D: LOCAL ECONOMIC DEVELOPMENT STRATEGY



LOCAL ECONOMIC DEVELOPMENT STRATEGY

MIDVAAL LOCAL MUNICIPALITY

MAY 2017



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Acronyms

AsgiSA:	Accelerated Shared Growth Initiative CBD:
	Central Business District
CBO:	Community Based Organizations
CSI:	Corporate Social Investments
CWP:	Community Works Programme
DPLG:	Department of Provincial and Local Government EPWP: Extended Public Works Programme
GCRO:	Global City Region Observatory
GDP:	Gross Domestic Product
GOGTA:	Cooperative Governance and Traditional Affairs Department GRP: Gross Regional Product
IDC:	Industrial Development Corporation
IDP:	Integrated Development Plans
IGR:	Intergovernmental Relations
LED:	Local Economic Development
MEDS:	Micro Economic Development Strategy
MIG:	Municipal Infrastructure Grant
MLM:	Midvaal Local Municipality
NDP	National Development Plan
NDPG:	Neighbourhood Development Partnership Grant NGOs: Non-Governmental Organisations
NPOs:	Non Profit Organisations
NSDP:	National Spatial Development Perspective PGD's Provincial Growth and development Strategies PSDF: Provincial Spatial Development Framework
SDF:	Spatial Development Frameworks
SDRC:	Support Resource Mobilisation Centre
SETA:	Sector Education and Training Authorities
SMMEs:	Micro and Medium Enterprises
SPLUMA:	Spatial Planning and Land Use Management Act TER: Township Economic Revitalisation
TMR:	Transformation Modernisation and Re-Industrialisation

Definition of key concepts

Black Industrialist refers to a person, company or cooperative that is owned by black South Africans to complement Broad-Based Black Economic Empowerment by focusing support directly at black manufacturers in providing a long term strategic and operational leadership in business.

Capability differences refer to differences between the technology (computer services, machinery that can be accessed etc.) and skilled labour that one area can offer to business, as opposed to another.

Comparative Advantage: refers to the ability of one business entity to engage in production at a lower cost, and with greater efficiency than another entity. Meaning that when compared to another entity, a business is better (in terms of quality of products, efficiency and profitability) at performing this function. This can also refer to the relative advantages one place has over another, based on its unique characteristics and combination of resources in terms of its human, social, natural, financial and physical capital.

Competitive Place: This refers to places that are successful economically and have concentrations of specialised knowledge, support institutions, rival firms, related enterprises and sophisticated customers (Porter, 1990).

Cost differences refer to costs of production and operation differing between various areas.

Gini Coefficient: Gini-Co-efficient measures wealth inequalities. The closer the index is to 100, the greater the inequality.

Economic Development: refers to the process of growth in total and per capita income, accompanied by fundamental changes in the structure of economies. The main objective of economic development is to raise the living standard and general well-being of the people in the economy.

Economic Growth: refers to the steady process of increasing production capacity of the economy and hence of increasing national income.

Economies of agglomeration: describes the benefits that firms can obtain when locating near each other. It is related to the idea of economies of scale and network effects, in that the more related firms are clustered together, the lower the cost of production, and the greater the market that the firm can sell into.

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SECTION 1

1.1 Midvaal Local Municipality background

Midvaal was formed in December 2000 when Meyerton was separated from Vereeniging and combined with five rural local area committees. This represented a division of resources that massively disadvantaged the new municipality at the time. The local area Councils limited resources bar a few tractors as all their services had been delivered by outside contractors. All the assets in Meyerton – vehicles, computers, desks, chairs and even the light bulbs – were spirited away to neighboring Vereeniging. The then Chief Financial Officer (CFO) had to open the local authority's bank account with R50 out of his own pocket. The new municipality had effectively been left destitute.

At the time of its creation Midvaal was notably poor even by South African local government standards. To meet the needs of 83 000 people, the Council passed a 2001/02 budget of a mere R125m. Furthermore, this was a purely operational budget; there was nothing available for capital expenditure. By comparison the operational budget for 2012/13 is R680m with an additional R120m available for capital investment. The 500% increase is quite simply the result of 11 years of carefully balancing responsibilities, managing resources, delivering what was possible and looking to future sustainability.

The same careful balancing act can be seen with regards to human capital. In its first year, Midvaal had a salary bill for the 320 staff it had inherited. The municipality has increased its staff compliment and to date there are 723 staff members.

1.2 Introduction

South Africa like many other developing countries, is confronted with what is commonly referred to as “triple challenges” of inequality, poverty and unemployment. The constitution, as the supreme law of the country prescribes certain rights that citizens are entitled to (basic services, health care, food, etc), and pose an obligation on government to use its resources in ensuring that these rights are realised. Thus the municipality does not generate or create employment, but it should create a conducive enabling environment for economic development to take its course.

The country has a saddening history which has compromised its socio- economic development potential. Since 1994, the role of local government has been redefined with new impetus. To this extend the White Paper on Local Government, 1998, stipulated that local government should be “developmental” in fulfilling its responsibilities. It means that local government should work with its local communities to find sustainable ways to meet their socio-economic needs and improve the quality of their lives. This approach gave rise to Local Economic Development (LED).

As the ideology was being rationalised, the Municipal Systems Act, 2000, stipulated that local authorities should prepare an Integrated Development Plan (IDP), which should include among others an LED strategy. LED is therefore a legislative requirement. The municipality should formulate the LED strategy and processes of arriving at an LED strategy must be an integral part of the IDP planning process. Thus the strategy should be based on the overall vision outlined in the IDP and should take into account the result of the analysis done to identify problems and prioritise developmental projects.

1.3 Purpose of the Strategy

Apart from it being a legislative requirement, the purpose of the strategy is to understand the Midvaal Local Municipality (MLM) economic development potential, strength, threats, weaknesses and opportunities. Emphasis is however placed on investigating various opportunities and options available within the municipality that can enhance economic growth, create jobs and reduce poverty. LED offers local government, private and non-for-profit sectors and local communities the opportunity to work together in order to improve local economy. It focuses on enhancing competitiveness, increasing sustainable growth and ensuring that growth is inclusive. LED encompasses a range of disciplines including spatial planning, economics and marketing. It also incorporates many local government and private sector functions including environmental planning, business development, infrastructure provision, real estate development and finance.

The purpose of the LED Strategy is to achieve the following:

- Capacitate community members and Small Micro Medium Enterprises (SMME) with skills and access to opportunities
- Improve the quality of life for the community by creating sustainable jobs
- Identify programmes and projects that will result in robust economic development
- Investigate opportunities and threats towards LED in communities
- Support and promote tourism and agricultural growth
- Assess the regulatory framework and to what extent it promotes or restrict economic development
- Strengthen partnerships between established industry and new market entrants with the intention of enhancing local supply chains and encouraging skills transfer
- Introduce interventions on how to revitalise township economy
- Acknowledging the importance and presence of the informal economy and introduce interventions to support it.

1.4 Methodology

Strategy formulation is related to the execution of the programme based on a predetermined project methodology. Developing a LED Strategy requires that a municipality does an analysis of the status quo, investigate opportunities for growth and decide on the best strategies to achieve their goals.

The department of Development, Planning & Housing is to develop a Local Economic Development Strategy for MLM. The process includes the following:

- Economic sector analysis;
- Economic evaluation and identification of key challenges;
- Formulation of economic development strategies;
- Alignment and IGR (Intergovernmental Relations),
- Implementation Framework
- Monitoring and evaluation;

The LED Strategy is to be developed through a participative process involving a range of key role players. Extensive fieldwork is required and interviews and discussions are to be held with a wide range of role players active in the Midvaal area. The intention should be not to undertake a quantitative survey, but rather to obtain qualitative perspectives from local role players and to contextualize the desktop profile. The bilateral discussions with public, private and NGO role players will generate further insights and details with regard to Midvaal's economic development challenges. These interactions will also directly inform areas where strategy formulation is required and provide the opportunity to ascertain the capacity these role players have to partake in the implementation process. The participation of role players will also contribute towards a more informed understanding of the local context and ensured that the eventual strategy is tailored to the specific needs of the Midvaal community.

The draft LED Strategy should be made available for comment and the comments received will be incorporated in the report. The draft report is then to be submitted to Council for consideration and approval. The final LED Strategy should be published on the Midvaal Web-site amongst others.

The figure below shows the proposed approach to be followed in preparing the strategy. As can be noted, the report includes the setting of a vision, strategic objectives and an overview of the Midvaal economy. The focus of the document is on key strategies, i.e growing key economic sectors; education, skills development and training; business development and support; spatial planning and township revitalisation as well as poverty reduction. The implementation aspects of these strategies are also considered. The LED Strategy should not be limited to these objectives only and further objectives can be included once the vision has been defined.

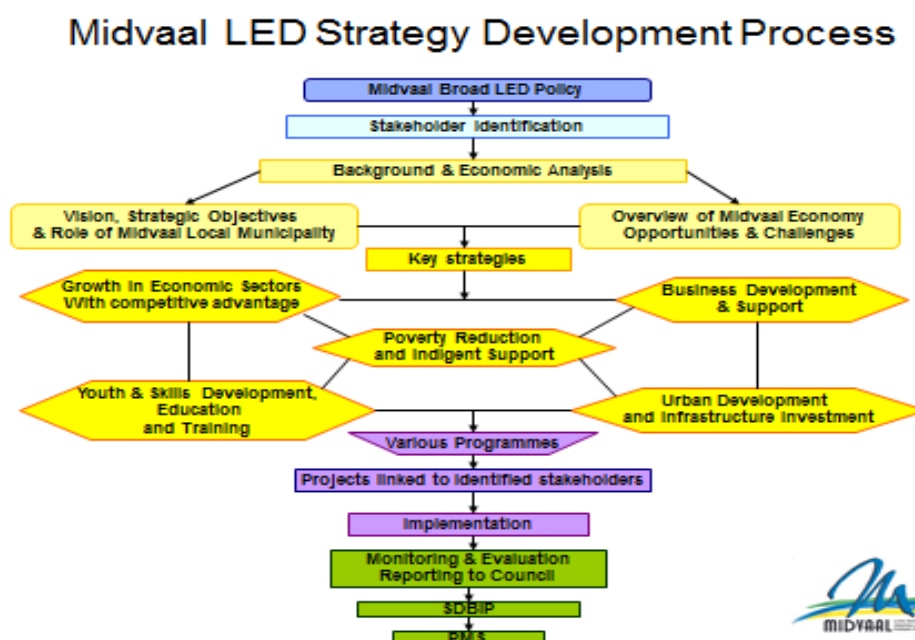


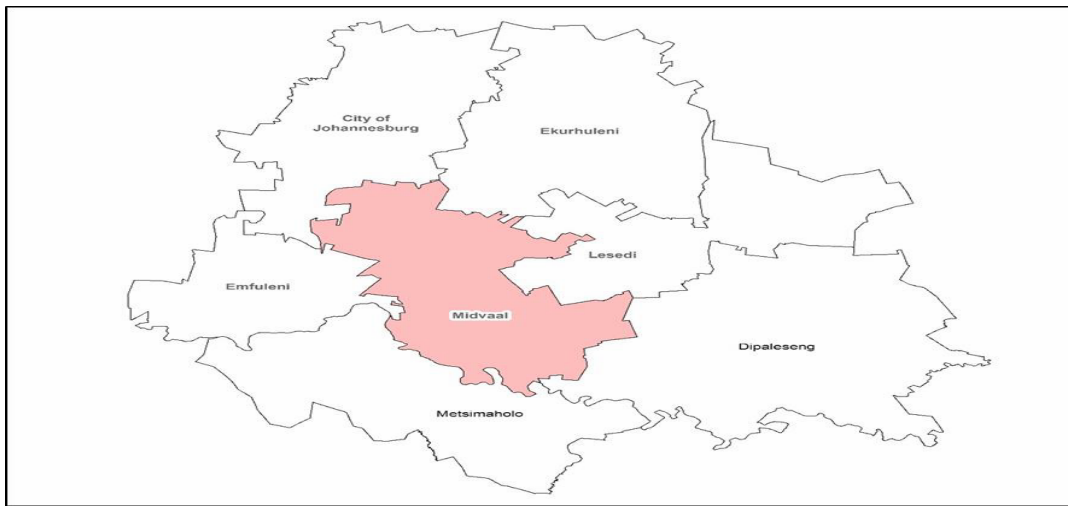
Figure 1: Methodology

1.5 Structure of the Report

The report therefore covers the existing situation in all the above mentioned areas and then goes on to make new proposals on how the status quo can be improved to stimulate local economy for the benefit of the community and other stakeholders.

1.6 Location of the Study

The study area is located and confined within the locality of Midvaal Local municipality. It focuses on sustainable ways which can be utilised to reduce poverty and unemployment within the municipality.



Map 1: Midvaal Municipality in context

SECTION 2 INTRODUCTION TO LED

2.1 What is LED?

LED is a comprehensive approach to development, which encompasses a range of disciplines including spatial planning, economics and marketing, all with the goal of building up the economic capacity of a local area to improve its economic future and the quality of life for all. LED recognises that people, business and governments at local levels are best able to restructure economic situations that will stimulate growth that is required to create jobs and thereby reduce poverty. It is a result of joint partnership and planning by a municipality, its community and business sectors.

2.2 Guiding Principles

There is a myriad of principles that guide LED, aimed at mobilising resources of local communities, government and the private sector in order to create centres of opportunity for all South Africans, and competitive global economy. The guiding principle should thus attempt to intervene and provide sustainable solutions towards economic development with the municipality. Below is a summary of some of the principles:

- Prioritise job creation and poverty alleviation.
- Create a conducive, ease of doing business environment within municipality
- Reach out to the previously disadvantaged and marginalised communities
- Promote healthy trade partnership between private, community and government
- Promote skills development and training for community members to maximises their opportunities for business.
- Encourage healthy local competition and trading collaborations amongst community members with much focus on global comparative advantage and a focus on comparative advantages.
- Ensure a better quality of life for all.
- Reduce red-tape on municipal processes to expedite economic growth and development

2.3 Strategic goals for LED

LED strategy that pursues an improved quality of life for all residents should incorporate the following five strategic goals:

- *Sustainable Economic Growth* has to focus on investment and growth that is based on the appropriate, effective and efficient development and utilisation of Midvaal's human, physical, natural, financial and social resources - in essence its comparative advantage. Developing comparative advantages should be based on using resources that are renewable and growth has to facilitate broad-based access and participation in the local economy, in order to promote equitability and sustainability. Equitability refers to the equal distribution of economic opportunities without prejudice and sustainability refers to the utilization of resources in a manner that does not compromise the ability of future generations to address their specific needs (Agenda 21 definition).
- *Job creation* has to focus on initiatives that create meaningful, sustainable and longterm employment opportunities; and be based on meaningful skills development and training.
- *Education, Training and Skills Development* should be an integral part of an LED strategy and should include both formal and informal mechanisms such as mentoring and ongoing in-service training. This should be geared at developing technical and life orientation skills that encourages career growth and entrepreneurship, while the promotion of excellence in the execution of work is imperative. Investing in human resources requires increasing the capacity and ability of local education and vocational training institutions to provide the required services to the local population. Investment in human resources should promote greater equality and equity for all in terms of access to education and training facilities; it should consciously work towards addressing the specific needs and shortcomings of historically disadvantaged individuals and communities.
- *Poverty Reduction* has to focus on the sustainable livelihoods approach as opposed to a 'welfare' approach. While the emphasis of poverty alleviation is on mechanisms such grants and donations, poverty reduction considers more sustained and long terms solutions. Recent initiatives in this regard focuses on facilitation of access to human, financial, natural, social and physical assets as key components of household's sustainable livelihood. The provision of support

- to indigents, in an attempt to reduce the number of indigents within the municipality also falls within this category.
- *Broad Based Black Economic Empowerment* has to lead to economic empowerment that not only benefits a few; it should ultimately increase broader based participation and ownership for the majority of disadvantaged communities and individuals in the local economy. BBBEE should focus on partnership initiatives that result in skills transfer and capacity building; that contributes towards reduction of the gap between the haves and have-nots. The requirements of the BBBEE Act 53 of 2003, the National Sector Charter as well as the *Codes of Good Practice* should be taken into cognizance. Particular focus is required on key growth sectors and industries of relevance to Midvaal such as agriculture; manufacturing; wholesale, retail trade, catering and accommodation as well as in finance, property, construction and business services.

2.4 Importance of LED

There are number of reasons why LED is important in a municipality i.e.

- To build up the economic capacity of a local area to improve its economic future.
- To offer local government, the private and non-profit-sector sectors and local communities the opportunity to work together to improve the local economy.
- The LED it focuses on enhancing competitiveness, increasing sustainable growth and ensuring that growth is inclusive.

2.5 Roles and Responsibilities of Role Players in LED

The draft National LED Implementation plan has outline various roles and responsibilities of various role players in LED:

Role of National Departments

- Provide an overall policy and strategic framework for economic development at national, provincial and local government levels;
- Provide a legislative framework for local economic development;
- Provide a framework for provincial and municipal capacity-building and support systems;
- Provide coordinated support in the implementation of LED strategies and projects in various economic sectors;
- Support for municipalities and key economic institutions;
- Support for local economic development funding; and
- Monitor and evaluate local economic development at national level.

Role of Cooperative Governance and Traditional Affairs Department (GOGTA)

- Influence macro-economic policy as it impacts on local government
- Define and support the role of local government in macro-economic

- development
- Develop policy and strategic frameworks to guide local government in LED
- Develop tools to support municipalities in implementation
- Facilitate capacity building for LED in the local government sector
- Mobilise and coordinate funding for LED in the local government sector
- Develop and implement coordination mechanisms for LED
- Develop research and knowledge management systems to LED support the local government sector
- Monitor and evaluate LED work in the local government sector

Role of Provinces

- Provide a strategic vision and strategy for integrated economic, social and community development through the Provincial Growth and Development Strategy;
- Is responsible for the formulation of the provincial economic development plan that is aligned to the PGDS;
- Vertical and horizontal integration of the municipal IDPs and the district economic development strategies;
- Train and build capacity for local economic development;
- Facilitate LED programmes and initiatives through financial support to municipalities; and
- Monitor and evaluate roles at provincial level.

Role of SALGA

- Raising the profile of LED within local authorities;
- Contributing to a common and better understanding of LED and specifically the most appropriate and effective role for local government in LED;
- Lobbying key stakeholders to support the development of capacity and technical tools that will assist local authorities in better understanding the demographics and dynamics of their local economies;
- Working with members and other stakeholders to encourage better co-operation; and
- Working with members and other stakeholders to promote the concept of and the practical issues around LED networks.

Role of Sedibeng District Municipality

- Provide a significant co-ordination and support role to the three local municipalities.
- Plan and co-ordinate LED Strategies within the framework of IDP's
- Establish an LED structure, representing the district and local municipalities, to foster co-operation and co-ordinate LED policies, strategies and projects within the district [as reflected in the Sedibeng Growth and Development Strategy
- Identify lead LED sectors that can kick-start development within districts
- Promote joint marketing, purchasing and production activities
- Provide financial support to implement projects and programmes

Role of Municipalities

- Strategic planning by means of the IDPs and Spatial Development Frameworks (SDF);
- Participation in the formulation of the district economic development plans;
- Participation in the implementation of economic projects through special purpose vehicles that are established including local government established development agencies;
- Responsible for the formulation of local municipal economic development initiatives and the alignment and integration thereof with the district development initiatives.
- Local municipalities, as the owners of land and assets, are responsible for local economic development project implementation.

Role of Business

- Business support services;
- Financing investment opportunities;
- Funding of economic development initiatives through Corporate Social Investments (CSI) and aligned with municipal IDP;
- Creating jobs, training and skills development
- Provide business and economic development advice.

Role of NGOs

- To provide support and develop instruments to support government in the implementation of LED strategy;
- Capacity building;
- Enterprise development; and
- Enhance community participation in the IDP and LED process.

Role of Donor Agencies

- Funding of development programmes;
- Supporting capacity building initiatives; and
- Support LED Research initiatives.

Role of Academic Institutions

- Provide capacity building to government officials on economic development;
- Research and knowledge management; and
- Provide advisory services.

Role of Business Forum

- Facilitate access to funding for the implementation of the projects identified through the IDP processes.

- To consider and advise on Council policies, services and regulatory functions which impact on the local economy and business community.
- To lobby Government, Investors and other relevant bodies/stakeholders on matters affecting the local economy and business community.
- To advise on and help organise, as appropriate, local economic development initiatives subject to availability of resources.
- To articulate the views of the local business community.
- To work with the MLM and other relevant organisations and stakeholders in order to tackle common issues and mobilise funding from provincial, national and international funders and donors.
- Address economic and business support issues as deemed relevant by the partnership. Serve as a monitoring mechanism of the municipality on the implementation of the economic development projects and policies.
- Ensure the integration of LED initiatives into the Integrated Development Plan (IDP) of the municipality.
- Actively participate in the development of LED strategy and monitor implementation thereof.

SECTION 3 LEGISLATIVE AND POLICY FRAMEWORK

There is a myriad of legislations and policies that govern economic development. Below is a list of the relevant applicable policies and legislations that respond to Midvaal Local Municipality economic development challenges.

National

Constitution of South Africa
 National Development Plan New Growth Path
 Industrial Policy Action Plan
 Agricultural Policy Action Plan Black Industrialist Policy
 Broad Based Black Economic Empowerment Amendment Act Preferential Procurement Policy Framework Act,
 Medium Term Strategic Framework 2014-2019 National Informal Business Upliftment Strategy
 Intergovernmental Relations Framework Act Africa Growth and Opportunity Act (AGOA)

Provincial

Gauteng Economic Growth and Development Strategy Gauteng Township Economy Revitalization Strategy Gauteng Cooperatives and Implementation Strategy Gauteng SMME Policy Framework

Municipality

Integrated Development Plan (IDP) 2013/18 Spatial

SECTION 4: POPULATION DEMOGRAPHICS

4.1 Population growth and distribution

Midvaal's total population grew from 52 679 people in 1996 to 95 301 people in 2011, according to the 1996 & 2011 Census. The year on year growth in this period was in the region of 2,78%. Midvaal Local Municipality represented approximately 8% of the total population of Sedibeng District Municipality and 0.7% of Gauteng in 2001. Midvaal Local Municipality's share of population increased slightly by 2011 to approximately 10% of Sedibeng District and 0.8% of Gauteng. Midvaal Local Municipality population increased between 2001 and 2011 by 30 657 from 64 640 to 95 301 people.

Midvaal Local Municipality, had an average annual growth rate between 2001 and 2011 of 4.0%. In comparison with the national average annual growth rate of 1.5%. The growth in population is attributed to an increase in industrial and commercial developments. The table below illustrates the population distribution by population groups in Midvaal LM.

Population Group	1996	2007	2011	Year-on-year growth
African	23,686	52,882	55643	3.58
Coloured	508	1,095	1558	4.21
Asian/Indian	218	99	750	4.13
White	28,267	29,367	36869	1.46
Total population	52,679	83,443	95 301	2.78

(Source: StatsSA 2011 census)

Table 1: Population Statistics

It is clear from the above table that the african and coloured population groups grew the most with a year-on-year growth of 3,58% and 4,21 % respectively. A very small Indian population has increased with a year on year growth rate of 4.13 % whereas the white population group was basically maintained at a year-to-year growth rate of 1,46%.

4.2 Population composition

It can be seen from the Figure below that the African population group make up 64% of the total population of Midvaal, with the white population group being the second biggest group comprising 35% of the Midvaal population.

The coloured community forms approximately 1 (one) percent of the total population and the Indian population less than 1 (one) percent, of the population.

MIDVAAL POPULATION BY GROUP (%)

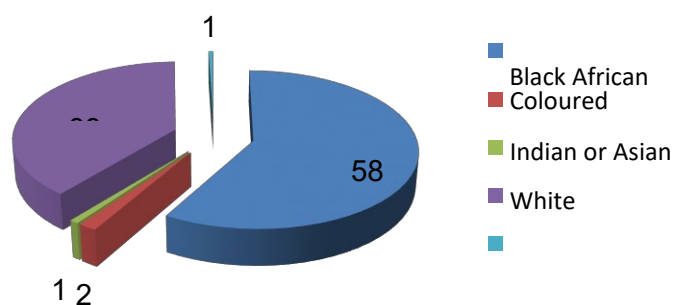


Figure: 2 Population by ethnic group

SOURCE: STATSSA

The population pyramid of Midvaal, if compared to that of Sedibeng and Gauteng, shows some direct correlations but does differ in certain aspects. The most obvious correlation is the relatively large youth base, (people between the ages of 0 and 14).

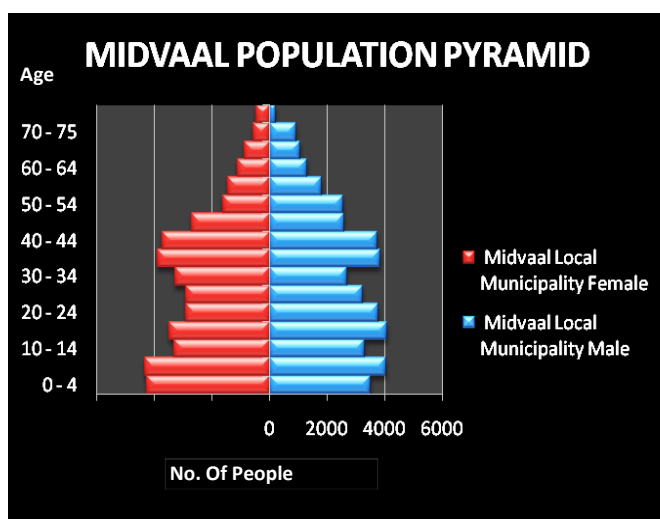


Figure 3: Population Pyramid

This is a clear indicator that the community is a young (or growing) population. This means that there is a growing need for educational and social infrastructure in the years to come. Young children are on average more dependent on educational, health and recreational facilities. Since this facilities are not necessarily municipal competency, engagements should be made with provincial and national departments to facilitate their provision.

4.3 Functional literacy

Above 60% of the total population of Age 20+ in Midvaal LM area of jurisdiction has a literacy of grade 7 or higher. The result is that the majority of residents have achieved functional literacy and can for that reason be developed through a number of skills-development programmes.

4.4 Population Growth Patterns

Between 2001 and 2011, Midvaal Local Municipality showed an increase of 30 661 residents, of whom natural population growth accounted for nearly 11 600. More than 37 000 people entered the Midvaal Local Municipality and more than 18 000 people left. Net migration into the municipality consisted of 19 080 residents. Between 2001 and 2011, natural population growth was approximately 1.7%; in-migration was 4.6%; and out-migration 2.5%.

4.5 Migration

Growth in population is influenced through a triangulation of fertility (babies that are born), mortality (deaths) and migration (people moving in and out of the area). Migration plays an important role, especially in Gauteng, the largest recipient of in-migration in South Africa. Yet, unlike Gauteng as a whole, Midvaal is no longer a major recipient of new migrants and there are indications that young people are leaving the area to look for better work opportunities elsewhere in the Gauteng Province and the other Provinces.

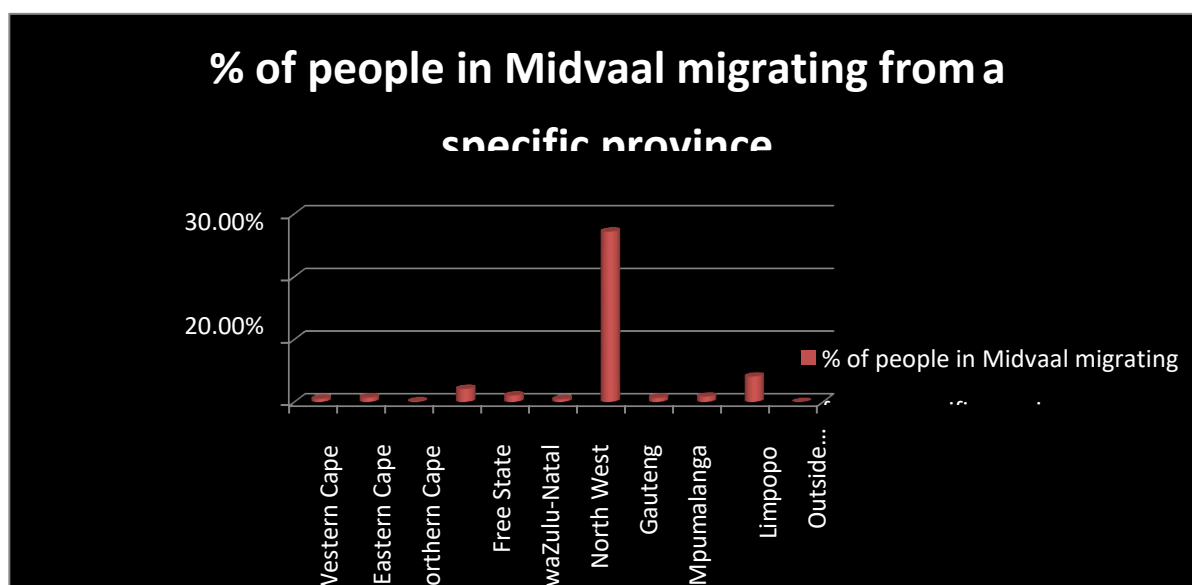


Figure 4: Migration

Historical patterns of migration into Midvaal LM area came from Johannesburg and Free State, as this area/region was seen as the first stop into Gauteng. Major migration into the area came primarily from farm dwellers and poor people from rural areas, who migrate because of all sorts of abuses in the farms, thus migrate to seek better living opportunities, especially jobs, better wages, improved amenities and housing as well as security of tenure.

The current trends of migration at present show that the majority of people coming into this area are people involved in the manufacturing sector or service sector, due the following possible scenarios:

- New business investment within the Midvaal LM, creating possible employment opportunities;
- People that in the past commuted from Johannesburg to Midvaal tends to seek housing within Midvaal to be located closer to their employment, in order to avoid the traffic congestion on the overall road network of Gauteng and associated costs thereto.

Variable	Period	Midvaal	% Avg. Annual Growth
Population	2001	64 640	4.0%
Population	2011	95 301	
Difference	2001 to 2011	30 661	
Natural population growth	2001 to 2011	11 581	1.7%
In-migration	2001 to 2011	37 147	4.6%
Out-migration	2001 to 2011	-18 067	2.5%

Source: Midvaal Migration Plan

Table 2: Migration Patterns

From the table above, between 2001 and 2011, Midvaal Local Municipality showed an increase of 30 661 residents, of whom natural population growth accounted for nearly 11 600. More than 37 000 people entered the municipality and more than 18 000 people left. Net migration into the municipality consisted of 19 080 residents. Between 2001 and 2011, natural population growth was approximately 1.7%; in-migration was 4.6%; and out-migration 2.5%.

From the facts above, one can arrive at an opinion that, there is an observation or a perception that people who migrate to Midvaal will have a better quality of life in Midvaal and that more opportunities exist in Midvaal.

4.6 Current and future housing opportunities

Apart from migration and natural population growth, the population of Midvaal will continue to grow in anticipation of the current and future housing opportunities within the municipality. Below is a list of future housing opportunities projected:

DEVELOPMENT NAME	HOUSING DELIVERY METHOD	NO OF HOUSING
Savanna City	Mixed	18399
The Grace	Mixed	1414
Mamelo	Subsidy	565
Sicelo	Subsidy	2454
Total: 22832		

Table 3: Current and Future housing developments

Based on the potential housing opportunities, the population of Midvaal is expected to double with approximately 90000 families expected within the next five years. The growing population will result in a bigger labour force during the next 5 to 10 years, which is important for job creation/opportunities. However the increase in population implies further higher demand for infrastructure, services and community facilities. Midvaal will therefore have to strategically plan for the anticipated growth and required services. The down side is that if the economy cannot supply adequate numbers of jobs, the unemployment rate will continue to rise and emigration from Midvaal to mainly Johannesburg and Ekurhuleni is most likely to continue with people seeking work. (Source: Global Insight, 2009)

The challenge laid before the LED Strategy is to address the needs of the growing labour force by creating sufficient new sustainable, well-paying jobs to meet the demand. In addition, the strategy should introduce initiatives on how to grow the local economy and create a conducive environment for economic growth and development.

4.7 Employment

The social well-being of a society is determined to a larger extent by the ability of its working age population to attain jobs and provide for their basic needs. Employment contributes to the economic viability of the society and its potential to be self-sustainable and not to rely on government for social assistance. Midvaal has 70.4% economically active population. The municipality has an employment rate of 81.2% with 18.8% of the population unemployed. According to the Midvaal Economic Analysis report, employment in the municipality is both formal and informal. The following sectors have contributed to formal employment as per the 2011 census:

- Financial & Business Services – 21.9%
- Community Services – 18.7%
- Manufacturing – 18.6%
- Trade – 16.7%
- General Government – 8.3%

Community Services, General Government, and Trade have shown growth in the employment opportunities while Agriculture, Manufacturing, Construction, and Mining & Quarrying, have shown a decline in employment opportunities created.

In terms of informal employment the following sectors have created employment opportunities:

- Trade – 45.0%
- Community Services – 13.6%
- Construction – 11.3%
- Transport, Storage, & Communication – 10.5%
- Financial & Business Services – 10.4%
- Manufacturing – 8.3%

Community Services, Financial & Business Services, Transport, Storage, & Communication have showed an increase in employment opportunities while Construction, Manufacturing, and Agriculture have showed a decline in employment opportunities.

The trends indicate that there is a similar pattern of growth between formal and informal employment.

4.8 Labour

Labour-force participation rate refers to the number of people in work and unemployed whom actively are seeking work, as a proportion of a specified baseline population. The participation rate is important in determining the number of individuals who are willing to work, are working, or are actively seeking for work. Those who have no interest in working are not included in the participation rate. The labour force participation rate for Midvaal is nearly as high as that of Gauteng and much higher than that of Sedibeng DM.

ENTITY	POPULATION (15-64 YEARS)	LABOUR FORCE	LABOUR PARTICIPATIO N RATE
MIDVAAL LM	46 068	32 176	69.84
SEDIBENG DM	556 028	354 242	63.71
GAUTENG PROVINCE	6 400 482	4 554 389	71.16

Table 4: Labour participation

4.9 Labour dependency ratio

The Labour Dependency Ratio is the ratio between the number of people in a population group between the ages of 15 and 64 and the dependent population of that group: children (0-14) and elderly people (65 and over). This indicator is used as a guide to quantify the ratio between the economically active population and those they must support. This indicator gives insight into the amount of people of non-working age compared to the number of those of working age. A high ratio means those of working age - and the overall economy - face a greater burden in supporting the aging population.

Midvaal and Gauteng has on average a lower dependency ratio than Sedibeng District but what is significant is the high escalation in the labour dependency ratio in Midvaal (from 40,2% in 2001 to 41,9% in 2011).

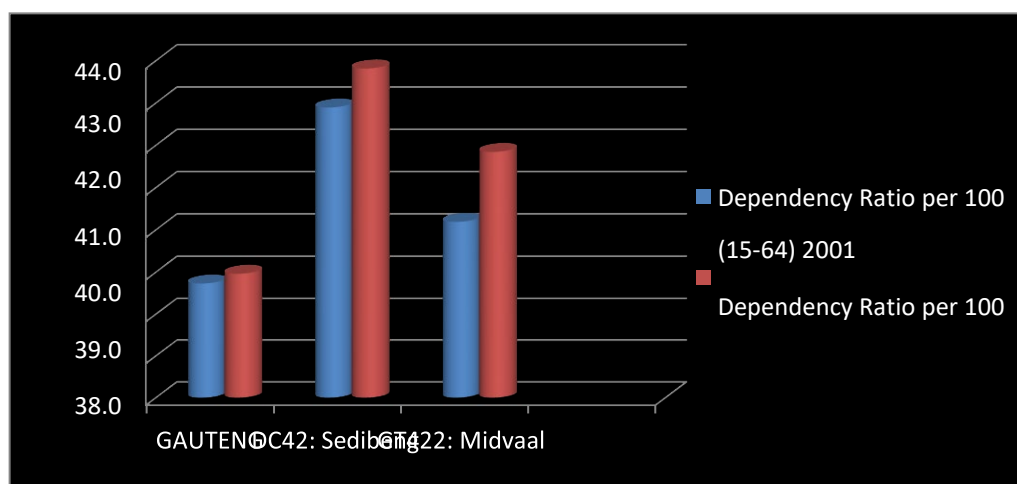


Figure 5: Dependency ratio (Source: Globas Insight, 2011)

4.10 Education

Education is key to ensure positive contribution to the social well-being and economic growth of a population. It also indicate the level of human development in the society. The level of education informs employment and income potential of a population. There has been a sharp decline of no or limited schooling between 1996 and 2008, thus interpreted that access to education facilities such as schools, libraries etc. are creating

a society in Midvaal LM where very few people has no schooling opportunities, which contribute to well balanced and sustainable community. This trend has continued with as little as 5.2% of the Midvaal population with no schooling in 2011.

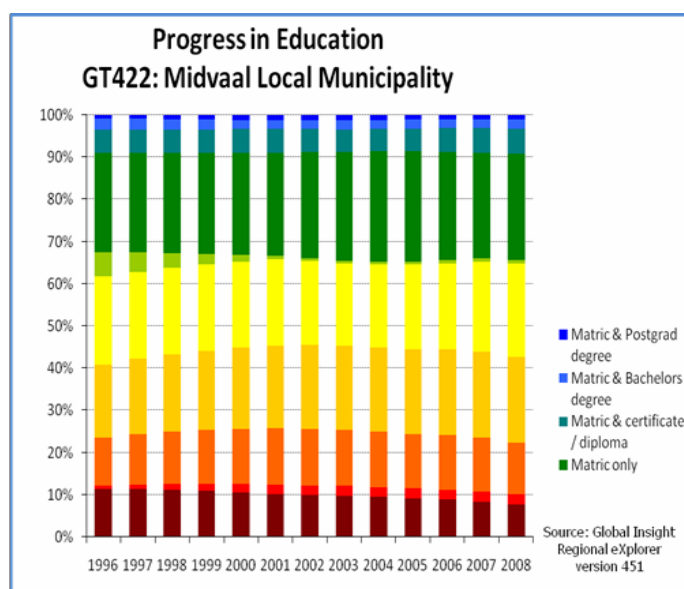


Figure 6: Education profile

The education profile of Midvaal is as follows:

- 34.4% - Some secondary
- 32.3% - Grade 12/Standard 10
- 15.3% - Higher
- 9.0% - Some primary
- 5.2% - No schooling
- 3.8% - Complete Primary

SECTION 5: OVERVIEW OF THE MIDVAAL ECONOMY

5.1 Overview of Midvaal economy

Midvaal has a population of 95301, according to the 2011 census. The human development index (HDI) is a composite of life expectancy, adult literacy, school enrolment and GDP per capita. The closer an area's HDI is to 1 the higher its level of human development. With estimated HDI of 0.64, the Midvaal Local Municipality may be regarded as an area with a high level of human development, as opposed to the 0.56 of Lesedi Local Municipality and the 0.6 of Emfuleni Local Municipality.

Unemployment in Midvaal has declined to 18.8 percent. This rate is relatively lower than national estimates, which are in the order of 25-30 percent. According to the 2011 Statistic Survey as released by StatsSA, 18% of households in Midvaal have an income of less than R 4 800 per annum. According to Stats SA 2011 census, shows that approximately 38% of households in Midvaal Local Municipality in 2011 earned an annual salary less than R19 600. Compared with 2001, there is a significant decrease in households that earn less than R19 600 per annum. In 2001, approximately 57% of households fell into this bracket, which decreased significantly to 38%. In comparison, households that fell into the income brackets R19 601 to R38 200 and R38

201 and R76 400 increased between 2001 and 2011 to 16% and 12%, respectively. A major increase occurred in the R153 801 and higher income bracket, which grew from a household share of 11% in 2001 to 23% in 2011. The increase in higher-income residents shows that higher-income employment opportunities in the municipality have risen

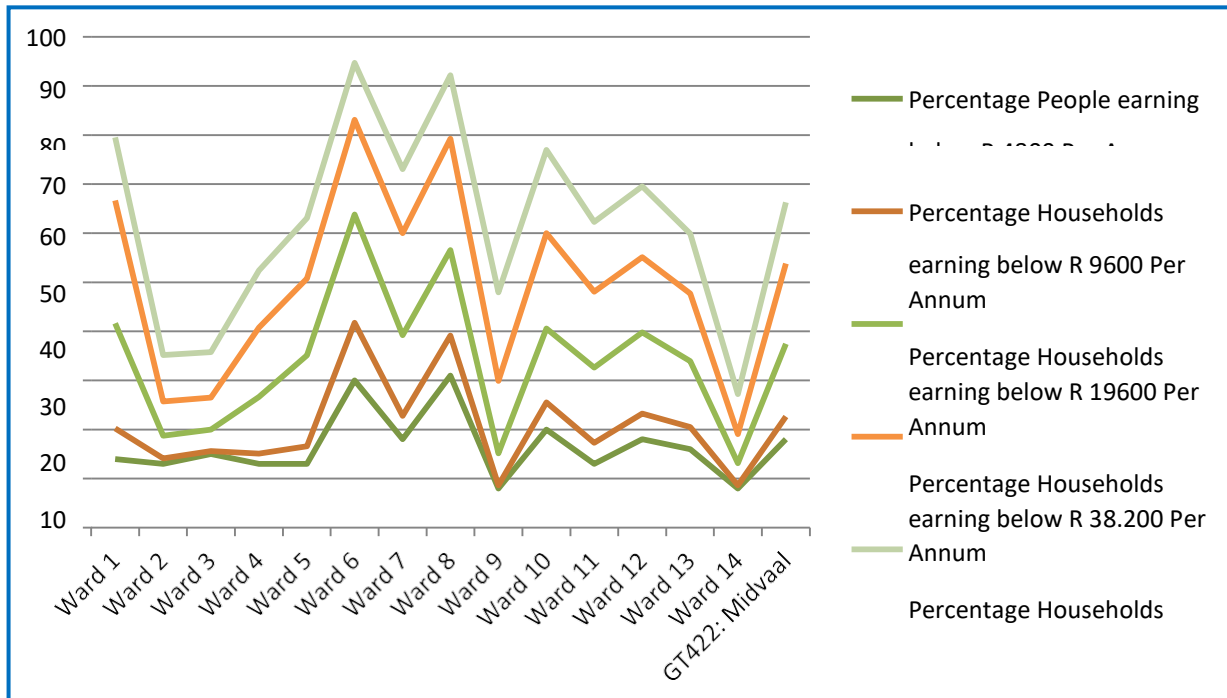


Figure 7: Income

The Gini coefficient, which measures the gap between the income of the rich and the income of the poor, is estimated to be 0,73 in Midvaal.

Midvaal has a number of large national and international businesses operating in the area. Many of these businesses are in the area as a result of Midvaal's proximity to the Johannesburg, City Deep, OR Tambo International Airport and the variety of important national and regional roads such as the N3, N1, R59 and R82, along with the availability of land within the area, makes it attractive to developers. Midvaal's location allows big businesses to be close to markets, as well as suppliers, located in the Gauteng City Region. The location also allows access to international markets through the close proximity to OR Tambo International Airport and City Deep Container Depot. A further advantage is the relative accessibility of railway lines, gas-lines and water.

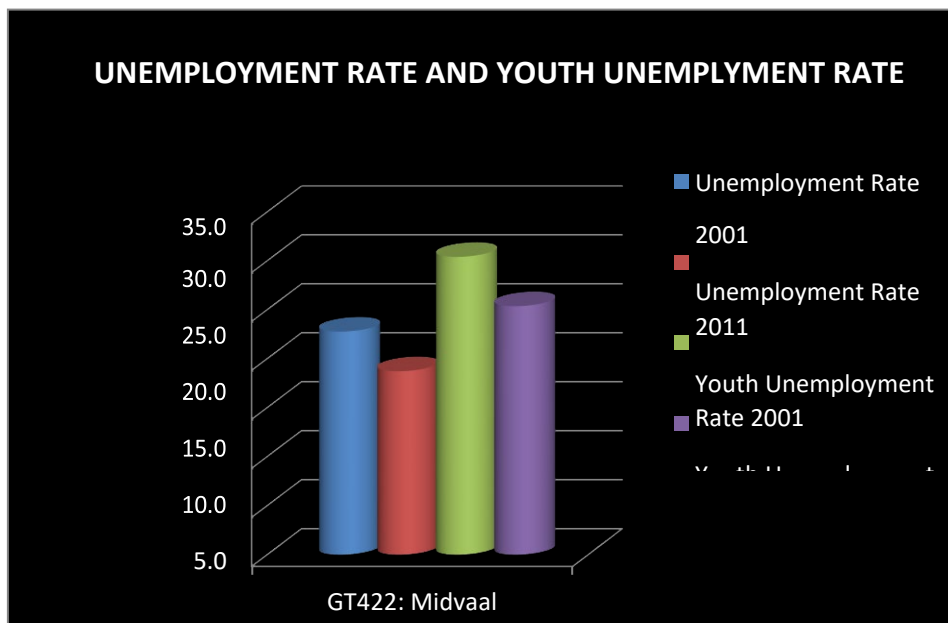
5.2 Unemployment overview

South Africa has a very high current unemployment rate. The current unemployment rate in South Africa is 25%. This is based on a narrow definition that includes only those adults who had actively looked but failed to find work in the four weeks preceding the survey. An expanded definition of unemployment, which includes working-age adults who are unemployed but did not actively look for work in the month preceding the survey (referred to as

“discouraged work-seekers”), gives a much higher, and more accurate, indication of unemployment: in September 2007 the Labour Force Survey found that some 7.4 million working-age adults were unemployed according to the expanded definition (i.e. they wanted to work but were not actively looking). Two-thirds were women, predominantly in their 20s and early 30s – the child-bearing years. Another 9.8 million people were “not economically active” in that they were studying, disabled, ‘housewives’, stayed at home by choice, and so on. The extent to which unemployment affects children is demonstrated by this indicator, which shows how many children have an employed adult living in the same house, and conversely, how many children live in households where there is no adult income earner at all. Having an employed adult in a household is important because of the resources that wages bring into a family, and the kind of stability and security that wage employment offers. Apart from providing regular income, benefits can include health insurance, unemployment insurance, and maternity leave. There may be many parents who work in a different location than that where their children live, who send money to their children’s guardian or caregivers at home. The fact that a working parent is living elsewhere means that they have two households to support. In 2007, some 62% of children in South Africa lived in households with at least one working adult. The other 38% (nearly 7 million children) live in households where no adults are working. There has been little change from 2002 to 2007, with the proportion of children who live in unemployed households hovering around 40%, despite a decrease in the official unemployment rate from 30% to 23% over the same period. This indicator is very closely related to the income poverty indicator; in that provinces with relatively high proportions of children living in unemployed households, also have high rates of child poverty. The Eastern Cape and Limpopo have the highest rates of unemployment, and the largest proportions of children living in poverty. While 88% of children in the Western Cape and 82% in Gauteng are co-resident with at least one working adult, only 51% of children in the Eastern Cape and 41% in Limpopo have an adult income-earner living with them.

5.3 Labour Force overview

In terms of the Figure there exists a clear relationship between the unemployment rate and labour force. It is evident that unemployment has a gradual decline, however after 2004 the labour force participation rate increased, which directly influences the unemployment rate. This can possibly also be linked with new investment in the area in terms of residential as well as business developments. (Source: Global Insight, 2009)



(Source: Global Insight, 2011)

Figure 8: Unemployment Rate

The Figure, above, illustrates that there is a definite decline in both the unemployment rate and the youth unemployment rate between 2001 and 2011, in Midvaal. This can be justified by the number of business investments within the Midvaal since, several new businesses have invested during the last few years in the Midvaal which created employment opportunities to the local community.

Midvaal LM has – with exception to the provincial level – the highest level of economically active population: 70.4% of the Midvaal population is economically active. Midvaal LM therefore has a large supply of labour. The non economically active population (29.6%) represents children, the youth, the elderly, and the disabled that are not able to be employed. Midvaal LM also has the highest employment rate when compared to the national, provincial, and district situation: 81.2% of Midvaal's population is employed. The unemployment level of Midvaal LM therefore rests at 18.8%.

According to Stats Sa, working age population is growing with approximately 1 204 people per annum, whilst the economically active population is expanding with approximately 720 people per annum. The economy can absorb only 189 people per annum.

5.4 Sectorial Analysis

The percentage contribution of economic sectors to the total GVA is used to measure how much each sector has contributed to the economy's GVA. The lowest contributing sector to the district's GVA was the mining sector, indicating that mining is not active in the Midvaal municipality. The table below illustrates the contribution of the three (3) major sectors to the total district economy. The lowest is thus far Agriculture for the country, district and municipality.

Economic Sector	SOUTH AFRICA		GAUTENG		SEDIBENG		MIDVAAL	
Period	2006	2011	2006	2011	2006	2011	2006	2011
Agriculture	2%	2%	0%	0%	0%	0%	1%	1%
Mining	7%	6%	2%	2%	3%	3%	3%	4%
Manufacturing	19%	17%	22%	19%	37%	30%	34%	30%
Electricity	2%	2%	2%	2%	4%	3%	6%	7%
Construction	3%	3%	3%	4%	4%	5%	6%	7%
Wholesale and trade	14%	14%	14%	14%	14%	14%	14%	14%
Transport	10%	10%	9%	9%	6%	6%	6%	7%
Finance and business services	22%	24%	25%	27%	14%	17%	18%	18%
Community services	6%	6%	4%	4%	3%	3%	3%	3%
Government services	15%	15%	17%	17%	16%	18%	8%	9%
Total	100%	100 %	100%	100%	100%	100%	100%	100%

Table: 5 Sector contribution to economy

According to Table 14, the manufacturing sector is the major contributor to the local economy of Midvaal Local Municipality. It contributes roughly 30% to the total economy, while the finance and business services sector (18%) and wholesale and trade sector (14%) are also major role players. The dominance of industrial activities in Midvaal Local Municipality is shown by the share contribution of the manufacturing sector to the municipal economy. Continued investment by major manufacturing businesses has allowed manufacturing to remain a main role player in the greater economy of the municipality and allows it to compete with larger industrial municipalities.

It is important not only to understand the size and growth of the economy, but also to know where major economic activities take place. The areas with the greatest economic activities naturally attract the most people. Figure 8 below shows where economic activities take place in Midvaal Local Municipality.

Primary Sector

The primary sector of the economy consists of the agricultural as well as the mining sectors. Mining contributes about 4% while agriculture contributes about 1% to the Midvaal LM GVA and together contributing 5%. The Midvaal Local Municipality has recognised the decline in contribution that the agricultural sector contributes to the GVA and therefore will be preparing an agricultural growth strategy with various initiatives to stimulate agricultural potential of the municipality and realise the Agritropolis vision.

Secondary Sector

The secondary sector of the economy consists of manufacturing, electricity and construction. The manufacturing sector is the largest contributor to the Midvaal Local Municipality's GVA, which contributes 30% followed by Electricity, water and Construction contributing 7% and 77% respectively. The Midvaal Local Municipality has recognised the potential that this sector could further contribute and therefore adopted the R59 Strategic Framework to promote the R59 Development Corridor. The spill over effect is that persisted commercial and industrial development would result in increased housing demand and the resultant residential development would further contribute to the broadening of the property rates base.

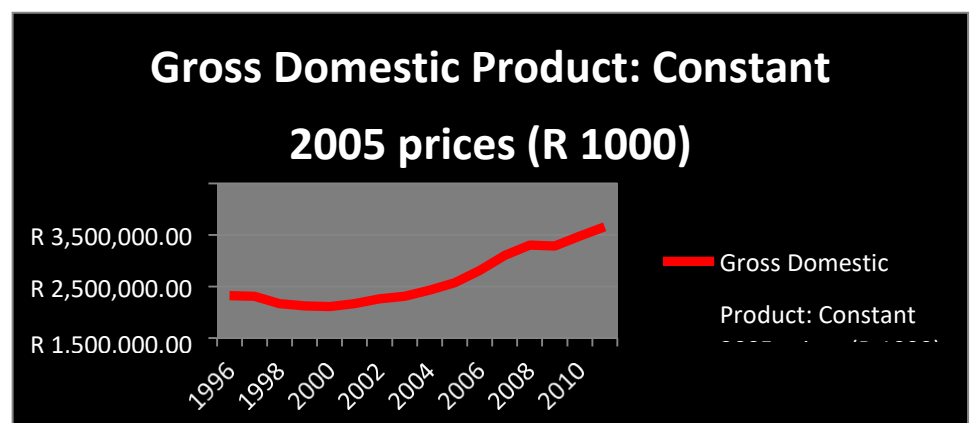
Tertiary Sector

The tertiary sector is basically the services sector as well as the governmental, community services and financial services, sector which contributes 30% to the Midvaal LM GVA.

5.5 Gross Domestic Product

The adjacent Figure indicates a constant increase in GDP from 2001 to 2011, this can be linked to investment within the Midvaal LM's area of jurisdiction (Source: Global Insight, 2009)

Figure 9: Gross Domestic Product



5.1 Human Development Index

The Human Development Index (HDI) is a composite, relative index that attempts to quantify the extent of human development of a community. It is based on measures of life expectancy, literacy and income. It is thus seen as a measure of people's ability to live a long and healthy life, to communicate, to participate in the life of the community and to have sufficient resources to obtain a decent living. The HDI can assume a maximum level of one, indicating a high level of human development, and a minimum value of zero, indicating no human development.

	Sedibeng District	Emfuleni Local	Midvaal Local	Lesedi Local Municipality
Black	0.52	0.53	0.45	0.47
White	0.87	0.87	0.88	0.87
Coloured	0.60	0.62	0.55	0.49
Asian	0.77	0.76		
Total	0.60	0.60	0.64	0.56

Table: 6 Human Development Index (Source: Global Insight, 2009)

In terms of the above mentioned Table it can be stated that Midvaal LM in comparison and relation to the other Local Municipalities within Sedibeng District Municipality has the highest HDI and thus a better balanced society in general.

5.2 Gini Coefficient

The Gini coefficient is a summary statistic of income inequality, which varies from 0 (in the case of perfect equality where all households earn equal income) to 1 (in the case where one household earns all the income and other households earn nothing).

Population Group	Sedibeng District Municipality	Emfuleni Local Municipality	Midvaal Local Municipality	Lesedi Local Municipality
Black	0.59	0.58	0.54	0.66
White	0.46	0.46	0.45	0.46
Coloured	0.66	0.66	0.66	
Asian	0.54	0.54		
Total	0.67	0.64	0.73	0.72

Table 7: Gini Coefficient (Source: Global Insight, 2009)

In practice the coefficient is likely to vary from approximately 0, 25 to 0, 70.

In light of the above Table it can be stated that there exists a high imbalance in terms of overall income spread, in Midvaal, if compared to adjoining local and district municipalities.

5.3 Poverty Rate

The number of people in poverty is the number of people living in households that have an income less than the poverty income.

Population group	Sedibeng District Municipality	Emfuleni Local Municipality	Midvaal Local Municipality	Lesedi Local Municipality
Black	45.2%	47.6%	23.1%	41.8%
White	5.4%	4.6%	4.8%	12.8%
Coloured	16.9%	19.9%	8.1%	7.6%
Asian	5.7%	5.0%	2.2%	13.0%
Total	38.4%	41.0%	17.2%	37.0%

(Source: Global Insight, 2009) Table 8: Poverty Rate

From the table above it is clear that Midvaal has a lower poverty rate of 17.2% as compared to the district, 38.4%.

Population Group	Sedibeng District Municipality	Emfuleni Local Municipality	Midvaal Local Municipality	Lesedi Local Municipality
Black	530	460	25	46
White	17	11	3	4
Coloured	5	4	0	0
Asian	1	1	0	0
Total	553	475	28	50

The poverty threshold, or poverty line, is thus the minimum level of income deemed necessary to achieve an adequate standard of living in a given country. In practice, like the definition of poverty, the official or common understanding of the poverty line is significantly higher in developed countries than in developing countries. The percentage of people in poverty is the percentage of these people relative to the total regional population. It should be noted that the poverty income is defined as the minimum monthly income needed to sustain a household and varies according to the size of that household. The larger the household, the larger the income required to keep its members out of poverty. Midvaal has a lower poverty threshold of 28 as compared to Lesedi 50 and Emfuleni 475.

5.4 Poverty Gap

A shortcoming of the poverty rate as an indicator of poverty is that it does not give any indication of the *depth* of poverty i.e. how far the poor households are below the poverty income level. Here, the poverty gap proves useful in that it measures the difference between each poor household's income and the poverty line. It thus measures the depth of poverty of each poor household. In other words, how much extra all of the poor households would have to earn to raise themselves up to the minimum living level.

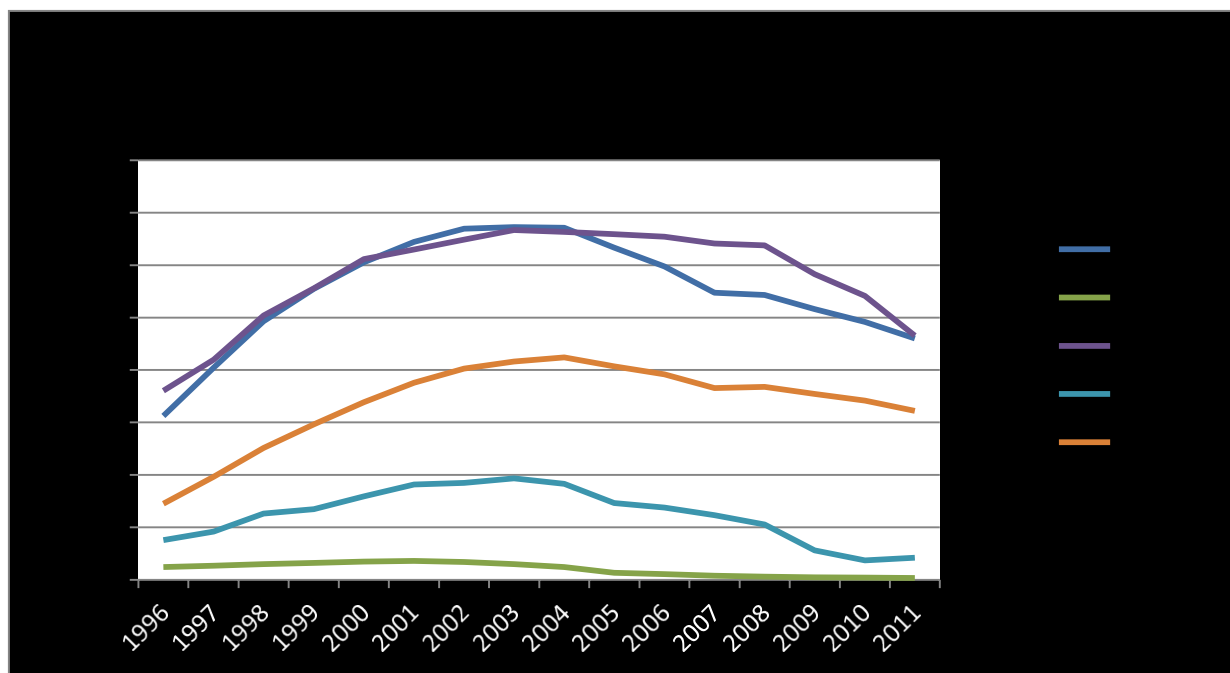


Figure 10: Poverty Gap

5.1 Informal economy

Parallel to the main stream businesses enterprises or formal businesses, there exist an informal economy. This economy is marginalised, exists at the edges, consists of large numbers of the unemployed and the 'unemployable', and does not benefit from progress in the first economy, underdevelopment, informal (structures and buildings), unregulated (bylaws), contributes little to gross domestic product and has weak social capital. It is also characterised by poor skills, incorporates the poorest of the rural and urban poor. The International Labour Organisation indicated that 60% of labour force in developing countries is absorbed within informal economy. The National Informal Business Upgrading Strategy (NIBUS) indicate that informal economy sector contributes approximately R42 billion towards Gross Domestic Product (GDP) in South Africa and the sector employs 15.6 percent of South Africa's population.

Statistics SA Labour Force Survey has indicates that a dominant sector of the informal economy is trade and retail sector, however the sector has been declining (from almost 69.6% in 2001 to just 54.4% in 2013). Manufacturing sector is also declining from 10.7% in 2001 to 7.4% in 2013. Construction and community and social services sectors grew gradually between 2001 and 2013, from 3.1% in 2001 to 10.7% in 2013 and from 6.8 in 2001 to 13.1% in 2012. The survey also indicates that informal traders mostly work from home, taxi rank, pavement streets, flea markets, built markets, in front of big shops, and in some office blocks.

Table 9: Share of different sectors				
Sectors	2001	2005	2009	2013
Agriculture	0.5%	1.0%	0.9%	0.9%
Manufacturing	10.7%	12.1%	9.6%	7.4%
Construction	3.1%	5.8%	10.3%	10.7%

Trade & retail	69.6%	66.1%	57.0%	54.4%
Transport	3.4%	4.4%	3.8%	6.1%
Finance	5.8%	3.5%	3.1%	7.6%
Community & social services	6.8%	7.0%	10.5%	13.1%
Source: Stats SA, 2013				

Table 9: Share of different sectors (Informal Economy)

Within the context of Midvaal informal economy comprises of the following land uses:

- Manufacturing (steel, furniture),
- Industrial (welding, spray- painting, zozo's),
- Accommodation establishment (rooms, backyard shacks),
- Restaurants (chesanyama, food) and
- Trade (street/informal trading, containers, cars, tyres, salons, tuck-shops).
- Financial services: loan sharks, Stokvels, driving schools, etc.

The list is not complete as there are other businesses such as financial (loan sharks, Stokvels, driving schools, etc) that exist. In narrowing the classification or categorisation of businesses that forms part of the informal economy it may be simpler to rather refer to those businesses that should be excluded from second economy being: Motor workshops; Distribution centres; Wholesale trade; Storage; Transport services; Laboratories; Computer centres; Warehouses; Industrial uses; Public Garages; Motor Sales; Scrap Yards; Parking Garages; Commercial uses; Drive-in Restaurants; Agricultural Uses; Noxious Industries (panel beating, spraypainting, brick burning, cement works, charcoal burning, manure making, etc.).

Table 10: Education qualifications acquired in the sector (2008)	
Education level	Percentage (%)
No schooling	7.8
Less than primary completed	17.9
Primary completed	8.9
Secondary not completed	44.3
Secondary completed	16.6
Tertiary	2.7
Other	1.8
TOTAL	100
Source: Blauw (2011)	

A challenge for informal economy is that it exist and found itself excluded and unrecognised or ignored though it assist in access to services/goods/products, convenience, job creation and economic viability. Though informal economy is a reality and need to be included and accepted as (another) economy with its own benefits to communities it serves, it is still not properly considered when policies are made or it cannot dictate a direction or opinion as compared to the mainstream economy. Informal economy is now taken seriously but the interventions preached to communities are yet to be realised. Government has also contributed to informal

economy businesses and its informality by not having strict policies on informality and enabling environment. It is evident that spatial policies, precinct plans and land use schemes do not accommodate or at least provide for second economy. The township layouts for residential developments do not indicate where informal economy will be accommodated or provide for it in the respective property zoning. In actual fact, erven earmarked for businesses are large and expensive and the local community cannot afford to purchase the erven. The implication is that people who can afford (mainstream companies) will continue to monopolise business in the area. People occupy houses and only get title deeds after a long time. In the meantime people cannot submit plans, land development applications or apply for licences as title deeds are required to be submitted. As a result people resort to trading illegally due to the inefficiency of government.

The Gauteng Informal Business Upliftment Strategy (GIBUS) provides a strategic direction for the provincial and local spheres of government to design and implement programmes aimed at supporting informal business sector in an integrated and coordinated manner.

The Gauteng Informal Business Upliftment Strategy (GIBUS) has identified the following as the informal trading challenges:

- Lack of strategic direction from the national government on the roles and responsibilities of the provincial and local government towards the informal business sector;
- The informal business sector is unaccounted for and unrecognized in national statistics;
- Lack of proper coordination and alignment of initiatives from the development agencies and the local government for an integrated support of the informal business sector;
- The existence of fragmentation within the informal sector which makes it difficult to formalize;
- Investment problems such as lack of capital for operations;
- There are no clear guidelines in place to control and inform the balance allocation of resources and infrastructure for both local and foreign nationals;
- Lack of access to financial services and high cost of doing business; and
- Lack of skills training and technology. In instances where training is provided, it is misaligned to the critical skills required by the informal traders;

International Labor Organization (ILO) has identified six strategic areas of focus with regards to transforming the informal sector in Africa. These strategic areas include the following:

- Pro-poor and job rich growth;
- Sufficient legal framework;
- Increasing entrepreneurship upgrading;
- Access to micro-finance;
- Access to skills and vocational training; and
- Focus on providing social protection.

In most cases the decline in formal employment leads to an increase in the number of people looking into informal business sector for survival. It can be concluded that an increase in formal employment could have led to the decline in the informal sector employment levels, and *vis-a-vis*. This indicates the significance of the informal sector towards the provincial economy and it provides an opportunity for the unskilled population group to generate sustainable

income.

However intervention into these economies are imminent in order to:

- ensure mobility from the 'informal economy' to the first economy, by constructing a firm 'staircase' or 'bridge' to allow for such mobility
- create conditions for sustainable livelihoods within the realm of the 'informal economy',
- and in the process develop robust links which eliminate duality and the conditions which give rise to it.

Summary

The Midvaal Local Municipality has a number of challenges and opportunities influencing its potential to develop its economy. The key challenges that Midvaal faces is to continually improve the quality of life of all its residents, close the gap between the rich and the poor and reduce unemployment. Marginalised communities have limited access to finances, infrastructure, natural, and human resources; which contributes to the vicious cycle of deprivation, hopelessness and despair. Though the prevalence of HIV/AIDS in the Midvaal area is lower than provincial and national levels, the nature of the disease, and patterns of transmission, means that it is essential that treatment and prevention continue to be drastically expanded in order to mitigate its impact on the labour market. The historical planning of towns, with townships located on the outskirts of central business districts, has resulted in individuals being spatially distanced from economic opportunities.

Opportunities exist in Midvaal for growth within agriculture, manufacturing, commercial, trade, construction and tourism. Growing these sectors would allow the Midvaal to diversify its economy and further strengthen its current economic base.

Current and future strategies followed by the Midvaal Local Municipality should be coordinated with an overarching Midvaal local economic development strategy.

SECTION 6: LOCAL ECONOMIC DEVELOPMENT FRAMEWORK

The local economic development framework detail a trajectory of how economic growth and development should be advanced in the municipality. The LED strategy identifies strategic development pillars that will guide the implementation of the strategy.

6.1 SWOT Analysis

The Midvaal Local Municipality has experience steady economic growth within the past 15 years (since its inception). Due the municipality's comparative advantage, there has been major businesses that has since located within the municipality, such as BH Billiton, Heineken, etc.

Population is expected to double with the future and current housing developments (both private and government led). There is also expected in- migration as per the Migration Plan of the municipality.

Though the development trajectory of the municipality is so positive, there are however

negative aspects that hampers economic development. The negative elements evolves around urban management which includes at the most informal training, non-adherence to by-laws, etc.

STRENGTH	WEAKNESSES
<ul style="list-style-type: none"> • Existing transport infrastructure • 92% of land agricultural (plots and farm portions) • Stable municipal administration and governance • Infrastructure capacity • Growing economy • Credible IDP and PMS • Clean Audits • Financial and administrative stability 	<ul style="list-style-type: none"> • Unemployed youth • Low skills level primarily in townships • Growing informal settlements • Market accessibility and support to farmers • No tertiary institutions • Informal trading • Limited financial support to implement projects and programmes
THREATS	OPPORTUNITIES
<ul style="list-style-type: none"> • Infrastructure reaching capacity • Need for infrastructure upgrade (water, roads and sewer) • Limited capital budget • High demand for services which are not municipality's competence (schools, hospitals, etc) • High in-migration • Urban management problems • Increase in number of informal settlements 	<ul style="list-style-type: none"> • Land available for agriculture • Agro-processing centre, market opportunity • Population growth • Infrastructure upgrade • Increase in municipal rates base • Economic growth • SPLUMA • Kgatelopele Youth Development Programme

Table 11: SWOT Analysis

The SWOT analysis identified the following economic development thrusts as important areas of interventions to stimulate economic growth and development within Midvaal Local Municipality being:

- ☐ Sectorial development given Comparative Advantage
- ☐ Agriculture development
- ☐ SMME and cooperative development
- ☐ Township Revitalisation
- ☐ Regulatory Reform
- ☐ Business Retention and Expansion
- ☐ Marketing
- ☐ Informal Trading
- ☐ Tourism development
- ☐ Municipal procurement

The thrusts have been clustered into the following pillars as some are interrelated and interdependent:

- ☐ Agricultural development
- ☐ Kgatelopele Youth Development Programme (Youth and Skills development, education and training)
- ☐ Business development and support
- ☐ Spatial planning and township development
- ☐ Sectoral growth and development

6.2 Strategy Pillars

Pillar 1: Kgatelopele Youth Development Programme

The Executive Mayor has identified Youth development as one of the critical areas that needs intervention in order to alleviate high unemployment rate, poverty and socio economic ills. The Executive Mayor has since introduced “KGATELOPELE” Youth Development Programme.

The programme is targeting about 250 youth to be trained in skills development, business administration and management, entrepreneurship and sector specific technical skills. Graduated youth will also be considered and where possible be linked to job opportunities or further training. However only the 200 youth will be exposed to training as the other 50 youth have already started with the training.

The criteria for recruitment will be youth from all the wards in the municipality. The youth that will be considered from this respective wards should be:

- ☐ Between ages from 18 to 35 years
- ☐ Unemployed
- ☐ Studied up to Grade 12 (Standard 10) and above
- ☐ Not part of other programmes i.e, EPWP, CWP, NARYSEC, etc.

The youth will be provided with generic training that is focussed on general business management and administration skills, cooperative management and preparation of business plans. There will be no stipends paid, only transport and catering costs will be incurred if the programme is more than 4 hours.

On completion of generic training, participants should be encouraged to register as Co-operatives based on the sectors that they prefer or are interested in. The following sectors have been identified by municipal departments:

- ☐ Grass cutting
- ☐ Waste cleaning
- ☐ Road painting
- ☐ Account delivery
- ☐ Water leaks
- ☐ Road repairs

Co-operatives once registered will be provided with Sector specific training in order to ensure that they can implement the projects as identified by specific departments.

Towards the end of 2016/17 Youth Cooperatives should have been trained and ready to start delivering municipal services.

Parallel to the Youth Cooperative programmes, the municipality will further assist more youth in:

- ☐ Learners and drivers licences
- ☐ Matric rewriting
- ☐ Plumbing training
- ☐ Property transfer registrations

Corporate Services will market the programme on the various platforms including media, municipal engagements, meetings, etc. A link has been created in the municipal website to share information about the programme.

Partnerships with private sector and NGO will be formalised through entering of Memorandum of Understanding. The municipality will continue to engage with other stakeholders to enter into partnerships that will assist in successful implementation of the programme. The programme will be included in the MLM IDP.

The programme will only be a success if there is mutual participation and contribution from all the relevant departments. The Programme committee to be established should ensure that programme is rolled out as planned and all the department contribute accordingly. The MMC's and Ward Councillors should assist with community engagements but should not be involved in the actual implementation of the project. There should be engagements done with private sector to link the already graduated youth into job opportunities where possible.

Pillar 2: Agricultural growth and development

Considering agriculture to be an important land use in the area, the future of agro-processing and maize production is critical for the area, and the challenges and opportunities regarding this sector should be fully understood. Midvaal Municipality could intervene by assisting and supporting a pressure group to engage the relevant national and provincial departments on policies and mechanisms to assist the maize industry.

Strategies are required to further develop niche agricultural production; such as producing organic products, making special breads and jams etc. Niche agricultural production can have limited scope, since it is essentially consumer-driven. It focuses specifically at the unique demands and preferences of customers, and caters directly to these needs. In order to be successful niche activities have to tap into a demand that is currently not being met.

A further advantage is to develop a strategy that could create further markets for these niches by linking it to tourism initiatives such as the Walkerville Farmers Market.

Small-scale farmers can be encouraged to produce for niche markets, since these products generally receive premium prices because of the quality and uniqueness of the products. The establishment of a Farmers Forum or cooperative (a non-profit organisation) that represents, promotes and supports the interests of emerging, previously disadvantaged farmers, and works on addressing the imbalances of the past, could be facilitated. Its main objectives would be to assist the establishment of local farmers associations and groups, to train members on

organizational systems and procedures, to co-ordinate the setting up of savings and credit schemes, to resolve problems and conflicts, to negotiate on behalf of its members in order to remove constraints in terms of land, water, financial and other resource issues (i.e. access to land). An Agricultural Resource Centre, and the Agricultural Research Council, can provide training and technical skills. Youth in the rural parts could be involved as part of this resources centre, which could be developed to include an agricultural college/school. Effort should be invested in securing access to agricultural land, particularly for small scale and emerging farmers.

The development of agri-processing plants in the rural area to be used to process and package agricultural produce according to market standards are to be encouraged. Relationships between organizations working with small-scale farmers, and communities interested in farming should be supported and strengthened. Shared learning processes could also be considered to facilitate contact and linkages between established and emerging farmers; allowing farmers to share research on production and markets. Through small-scale farming, niche markets may be explored, which may be complementary to commercial farming markets or incentives can be given to commercial farmers who work in empowering small-scale farmers.

Through the implementation of agricultural mechanisation programme, homestead and community food gardens, people could be introduced to farming practices. Many of these participants can then develop further skills to assist them in becoming small scale farmers. Agricultural products can be diversified through production, distribution and packaging. This essentially suggests that these products can be produced differently, they can be sold to different markets or they can be packaged in a way that differentiates them from other products. A strategy for encouraging agricultural marketing co-operatives could be linked to a strategy to diversify agriculture. Marketing co-operatives can be used to brand and market agricultural goods, and feed into a marketing strategy that promotes purchasing goods from the Midvaal area.

The municipality need to formulate a comprehensible agricultural strategy that will unlock agricultural potential for small holder and commercial farmers. This strategy should be able to contribute towards economic development, job creation and improved quality of life for Midvaal residents.

It is the view that the agricultural strategy to be formulated will intervene in agriculture and indicate how growth can be achieved. The strategy to be formulated should:

- ❑ Create a common vision for agriculture with key stakeholders.
- ❑ Design and implement a strategic framework to guide policy and implementation of projects and programmes.
- ❑ Identify programmes and projects that will facilitate agricultural growth and development.
- ❑ Address issues undermining investor confidence and interest in agriculture.
- ❑ Ensure increased access and participation in the sector through well-designed empowerment processes and programmes.
- ❑ Combine, share and optimise the resources and benefits among the partners.
- ❑ Foster global competitiveness, growth and profitability in the sector in order to attract new investment.
- ❑ Ensure sustainable development and efficient use of natural resources.
- ❑ Build lasting partnerships among public, private and community stakeholders and NGOs.
- ❑ Encourage youth participation in agriculture.

- Market agricultural produce.

Agriculture is a game changer and should not be seen as a food provision sector but rather as a sector that is actively involved in changing South Africa economic landscape by resulting in:

- Food security
- Job creation
- Skills development
- Economic development
- Market access

Pillar 3: Sectorial Growth

The discussion that follows suggests strategies for growing economic sectors that have the potential to develop the Midvaal economy. To recap, these sectors are: trade and manufacturing, construction, and tourism.

Strategy for growing trade

Currently trade and manufacturing in the Midvaal area is closely linked to the steel sector. These sectors can be diversified through exploring what the market demands. If the market exists, the manufacturing sector can expand through the use of agricultural inputs and produce biofuels, beer, ales, salad dressing etc. This could be linked to a marketing strategy, which promotes the trade of these goods.

SMMEs, big businesses and community-based organisations (CBOs) can explore partnerships to offer a greater variety of products. This allows manufacturers to outsource some manufacturing, and allows them to offer a unique range, and a greater variety of products; while creating jobs. It is important to continue with the maintenance of a SMME and CBO database that reflects the range of products that these entities manufacture and sell, and services they render. Such a database can be used to facilitate the arrangement of such partnerships, and be a directory, which the Midvaal Business Chamber and big businesses can use.

The ongoing pressure on Gautrans to complete the upgrading of the R82, and the construction of the K154 are both important road linkages in linking the various communities in the Midvaal Local Municipality, and linking these with other local, regional, provincial and national markets. The existing railway network need to be utilised optimally to transport goods out and to the municipality.

Strategy for manufacturing

The potential of economies of agglomeration should be explored. The term economies of agglomeration describe the benefits that firms can obtain when locating near each other. It is related to the idea of economies of scale and network effects, in that the more related firms that are clustered together, the lower the cost of production, and the greater the market that the firm can sell into. Even when multiple firms in the same sector (competitors) cluster, there may be advantages because that cluster attracts more suppliers and customers than a single firm alone could. Clusters with regard to food processing and wood products should be explored.

Organizing a marketing campaign that promotes buying goods manufactured in Midvaal may create a greater demand for locally manufactured goods. Such a marketing

campaign could feed into a packaging campaign. Goods could be packaged as being made in Midvaal; and a 'buy Midvaal' marketing campaign could stimulate demand for these goods.

Strategy for construction

Attention could be paid to facilitating the availability of property development training programmes offered at existing institutions. Additionally it is important that these training programmes are accessible to historically disadvantaged individuals residing in communities where an interest in construction exists. Public land in particular in urban areas, can play a critical role in providing housing and public facilities. The procurement of public land should be managed, in order to ensure that land, is used optimally, and economic opportunities are unlocked. In order to assist the optimal use of land a comprehensive audit of publicly owned land should be prepared. The existence of such an audit would form the foundation of information that can be used to co-ordinate planning for the use of public land. This is important as the disposal of public land provide the authorities with some leeway to ensure that significant benefits derived from construction activity are also accrued to emerging developers and contractors.

It is also important that a database be developed that reflects locally available labour. The Midvaal municipality has already initiated compiling such a database. Contractors should be encouraged to use such a database. Essentially, it would allow local labour to be used in construction in Midvaal. Since, construction is labour-intensive, the utilisation of the database of SMME's by construction companies will assist to employ local people in the Midvaal. Construction also requires more skilled labour, and if local labour receives training and skills development, they have a skill that could be transferable. Incentives may have to be offered to encourage contractors to use the unemployed database. A possible incentive that could be given is for municipal tenders to give preference to contractors that use the unemployed database.

A second strategy would be to promote the Council's programme to provide residents who are on the **indigent list**, with start-up packages to establish themselves as legitimate SMME's that has been vetted and capacitated.

Strategy for tourism development

Sedibeng DM together with Birdlife SA has developed the Sedibeng Birding Route, of which many sites are located in Midvaal or just outside of the Midvaal area of jurisdiction. This route should be promoted and marketed, and additional tourist attractions could be incorporated with the route.

Midvaal's locality in relation to Johannesburg Metro and Ekurhuleni Metropolitan Municipality, two of the most important Metro's in South Africa is potentially one of its greatest assets. Existing and potential future tourism activities are not far from large concentrations of potential customers, and the roads linking them are generally good. Facilitates attracting day visitors increases the possibility of marketing the entire Midvaal as a tourist destination. Tourism should not be defined by a narrow definition of tourism, and should not be limited to trying to attract just International Tourists. The strategy should cater for all kinds of tourists, local and international, business and recreational, active and passive recreation, eco-tourism and non-eco- tourism etc.

Walkerville has a unique tourist destination potential because of its country setting, and excellent locality. Midvaal offers: scenic beauty with ridges and river systems, conservancies, nature reserves, game farms, a range of outdoor activities; cultural experiences; local cuisine; and historical landmarks. Tourists can spend a few days leisurely travelling through Midvaal; or day tourists can visit a few tourism nodes and experience a range of tourist activities. Relationships with travel agents should be explored and the promotion of holiday packages to Midvaal should be considered. Partnership with all government tourism departments and agencies should be furthered to resuscitate Suikerbosrand Nature Reserve as an active

tourist destination and promote it.

A further detailed study looking at tourism development and marketing should be undertaken. The tourism development strategy for Midvaal Local Municipality should look at the following areas:

- Assessment of tourism supply and demand
- Tourism forecast
- Infrastructure assessment and development
- Product assessment and development
- Market development and promotion

A strategy for tourism development in Midvaal would have to be in compliance with the economic, cultural, social and environmental goals nationally, provincially as well as of the area. It would therefore have to promote the participation of HDI's.

Summary

Midvaal is endowed with the potential to diversify its economy and grow manufacturing, trade, tourism, agriculture and construction. Local labour will play a pivotal role in growing these economic sectors. A survey and analysis of the economic opportunities around the fishing and poultry industry should be undertaken. The chapter that follows discusses elevating levels of education, skills and training within Midvaal.

Pillar 4: Youth Skills, development, education and training

Although it is often argued that individuals whom acquire skills will migrate to larger towns and cities, this does not negate the need to provide for training and skill development locally in order to grow the economy of Midvaal and improve the quality of life of its residents. Through their skills, individuals are able to participate effectively in the economy of their chosen towns or cities including towns outside Midvaal Local Municipality, thus contributing to the national economy.

It is essential that human resource development strategies are aimed at the complete lifespan of individuals; thus including early childhood development, formal schooling, tertiary education, skills development and adult basic education. Recent research indicates that success in formal school education is to a large extent dependent on early childhood development and early schooling.

Objectives

Education and skills training can facilitate movement of marginalized individuals into the first economy. Improving the economic opportunities that are accessible to individuals will likely increase household incomes, and local buying power. Through promoting life-long learning programmes, one can encourage entrepreneurship, particularly in historically disadvantaged communities. Lifelong learning programmes entail educating and training a child from early childhood, until adulthood. Ensuring that ongoing skill development and associated mentorship occur within all industries in Midvaal, but also within the municipality.

Education, skills development and training strategy

The ability of individuals to participate meaningfully in the economy depends on their levels of education, skills and training received. Due to the gap between required levels and availability of skills nationally as well as locally; lifelong education, training and skill development programmes should be pursued, from early childhood to adulthood.

Early childhood development programme

Access to early childhood development is important to ensure that children have a sound foundation, which will prepare them for future learning. A strategy for such a programme should ensure that there are good quality buildings that are available to be used as educare facilities. Municipal regulations should be evaluated to determine that they do not hamper the establishment of educare facilities. Partnerships between the private sector and township educare facilities could be forged, and a community fund should be established to support the operation of educare facilities. Such partnerships could perhaps entail an 'adopt-a-creche' programme, in which a business adopts an educare facility and makes a monthly or annual pledge to this institution. Broader community involvement in educare facilities should be encouraged. Parents and communities surrounding educare facilities could assist in their maintenance, as well as promoting safety and security. An intervention in establishing educare cooperatives in different townships with the aim to develop a regional educare centre that will accommodate all the children in an area may also be explored. The advantage is that educare principals can jointly own and manage the centres. A policy on day mothers and number of children that can be accommodated as a primary rights (without consent) should be formalised and applied the whole municipality.

Current interventions such as the Hollard Foundation's initiative where Hollard are actively involved in facilitating the development of ECD's that meet the requirements of the Children's Act, needs to be supported and promoted.

School assistance and development programme

This programme relates to the support that schools could receive from the municipality, the private sector and the community, in order to facilitate their development. A role that the municipality could play is to identify problems with service provision that it can address. It is the municipality's role to ensure that school access roads are in good condition, and lighting around schools is effective.

Channels of communication should be established between learning institutions, parents, and private businesses. Each of these groups can play a role in promoting the importance of education, skills development and training to learners, and instilling within children a desire to attain academic excellence. Communities and the private sector can be involved in improving school facilities. Companies could for example, sponsor the building of a school hall, and parents could volunteer on weekends to assist with the maintenance of school grounds and buildings. All these groups should work together (pooling their resources, ideas and abilities) to develop responses to the challenges faced by learning institutions. Means of connecting future employers and learners should be explored. Businesses, schools and the municipality could organize a career exhibition event, similar to the recruitment drives that happen at universities around the country for Grade 12 learners. Businesses can then identify students whom they want to assist in exchange for subsequent employment with the company. Such an arrangement could allow businesses to have access to a pool of labour for which may have otherwise remained untapped. This approach might also act as a motivation to learners to excel, since at the end of their schooling they are afforded the opportunity to be recruited by a company.

Nutrition and transport are also key aspects and relevant programmes in this regard should be supported, in particular at township schools. Existing transport to primary and secondary learning institutions should also be evaluated, since transport directly impacts on accessibility.

There are 41 primary schools, but only 7 high schools to service all students in the area. To this could be added the boarding schools, some of which have both primary and secondary learners. Though this report does not contain detailed information on the number of students needing to attend high school, the preliminary analysis highlights the need to investigate if another high school is required in Midvaal. A detailed audit of the number

of primary and secondary schools and the number of learners should therefore be conducted.

Current initiatives such as the Community Workers Programme and Mayor's school initiatives should be supported as they assist learners with necessary support with homeworks, food and completing their schoolwork.

Tertiary Institution

There are no Tertiary academic institutions in Midvaal Local Municipality. The result is that everybody that has completed school and desires to continue their academic career at a University or Technical University has to leave Midvaal to do so.

Given the extent of the agricultural land in Midvaal, and adjoining municipalities such as Lesedi and Dipaliseng, and the Free State further south, it is evident that an Agricultural College will benefit the agricultural industry. The objective is to provide formal academic training in Agricultural related topics/subjects linked to practical experience.

Young school leavers can enroll for formal multi-year training, with an associated degree or diploma, or short courses could be presented to existing small scale farmers during the school holidays.

The College could in addition assist students to do further research work, and not every student leaving the college need to become a farmer, with the knowledge gained graduates can start a career in a variety of fields in support of the agricultural sector, such as fertilization, small- and large stock farming, Hydroponic farming, dry land farming, fruit farming and even flower farming.

Further training could relate to various forms of irrigation and the advantages and disadvantages of each. The optimal use of implements, financial management, marketing, crop insurance, use of herbicides and environmentally friendly agricultural practices are all modules that could be included in the curriculum. The College could teach students on soil types, erosion and the rotation of crops.

Co-ordinated adult skills development programme

A detailed audit of all current education and skills training institutions should be conducted, looking at all training institutions and service providers. Channels of communication should be established between local businesses and existing learning institutions, in conjunction with the audit. It is important to determine the education and skills that the market demands; so that a strategy can be developed to provide the local community with the necessary education and skills needed to supply local business' labour demands. The audit of education and skills training institutions, along with labour market demands, and knowledge of the economic sectors that are growing, can inform educational institutions' curriculum design. Co-operation and co-ordination between these interested and affected parties could help business to identify gaps in skills training, that they are able to fill themselves through providing on-the-job training and apprenticeships.

An audit of available skills to bridge the gap between demand and supply would be necessary. This could be done in co-operation with local businesses to establish what current skills are needed by businesses and what skills are available. This could also inform the type of training programmes or institutions needed. Such a skills audit could be done per sector. Co-operation between businesses, training institutions as well as community-based organizations is imperative in the successful matching of available skills with the appropriate sector, and for the formulation of a skills development strategy.

This audit would determine whether these institutions would be able to provide a wider range of courses, to equip individuals with the skills that local businesses demand. If it is determined

that existing institutions would be unable to provide a wider range of technical courses, the establishment of a technical training school in Midvaal should be considered as a public private partnership between the private sector and the National Department of Education. Potentially the current institutions could be forged into a single entity and capacitated with the necessary financial and other resources.

Consideration needs to be given to formulating innovative ways to provide basic literacy and numeracy and skills training. Also of concern is that language proficiency (English and/or Afrikaans), in particular for those with African home languages, is a major constraint in terms of accessing training institutions and functioning in the workplace in Midvaal. Reaching people in rural areas with basic education and training programmes is another major challenge. Fieldwork and workshops revealed that lack of finances to afford a myriad of costs, and a lack of accessible transport, make existing institutions inaccessible to poor individuals. A possible solution could be to have a mobile training facility, which could service the rural areas. Once again, consideration should be given to supplementing such an initiative with a feeding scheme; perhaps a soup kitchen could accompany the mobile training facility when it goes into poor communities.

Ongoing skills development in existing industries as well as at the Midvaal Local Municipality should include mentoring programmes as well as the introduction of apprenticeships. Considerable opportunity exists in particular within the municipality to introduce mentoring programmes within all of its departments. This should not only include existing staff, but also consider future prospective staff and students on an ongoing basis. The private sector i.e. mining sector and para-statal such as Eskom and Rand Water can also contribute by training artisans in the various fields.

Summary

Education, skills and training, when matched to market demand, is a springboard to economic development and a better quality of life for all Midvaal residents. An on-going audit of the market to establish the labour needs of business as well as the current labour offering is imperative in facilitating the continuous supply of the correct skills. This approach should also include focus on mentoring and apprenticeship programmes within the private sector, but also within the municipality. In order to stimulate investment and create jobs it is important that Midvaal retains and grows its current businesses, while attracting new businesses into the area. The chapter that follows discusses measures that can be taken to attract and retain business activity in the area.

Pillar 5: Business Development and Support

Midvaal has a number of established local, national and international businesses operating within the area. The area is well endowed with infrastructure such as road and rail, all which has contributed to the development of Meyerton as an administration and manufacturing centre. The municipality is further enhanced by its close proximity to Johannesburg and Ekurhuleni Metro's. Large firms such as the BHP Billiton, Heineken, BSI Steel and Paramount Trailers, Klipriver Business Park, New Hope, Renico Construction, have been locating in the area. If the area loses the assets that make it attractive to business, they may choose to relocate to other areas. It is therefore important that the Midvaal remains a viable location for business operations, so that it can retain and grow existing businesses, as well as attracting new business. Businesses that are currently operating in the area are major employers; if they choose to relocate it is likely to have a significant negative impact on the economy. In addition, many businesses in Midvaal are SMMEs (Small Medium and Micro Enterprises). SMMEs are important because they are locally owned and therefore the source of employment and income

generation for a considerable portion of the workforce.

This strategy aimed at the first economy has two broad, interlinked objectives. *Firstly*, to retain the correct businesses operating in the area, while attracting new businesses to the area and using the growth of business to provide opportunities for further job creation. Essentially, expanding business activities is pivotal to any strategy to grow an economy, since; the lifeblood of economies is the flow between factors of production and households. *Secondly*, to provide business support to emerging and growing SMMEs. SMMEs operate within a variety of economic sectors, which feeds into the strategy to diversify the local economy. Providing individuals with business education and skills enables them to pursue entrepreneurial activities, and facilitates their movement into being economically active. SMME development is also closely linked to human capital development (viz. education, skills and training) as well as the reduction of poverty.

Thirdly, to support informal economy could be to create opportunities of engagement between the municipality and the informal trade, to identify their needs to ensure that they are accommodated in strategies, that value can be added, enabling these informal businesses to evolve to a higher level, entering the structured world of SMMEs Cooperatives etc. and accessing the range of benefits that these formal business enjoys.

Municipal infrastructure and services

The consistent quality, extent and level of utility services such as water and electricity provision, roads, waste disposal, etc, provided to businesses remain critical reasons why firms remain and expand in an area. Infrastructural support should also be extended to the rural areas, in particular road infrastructure and sustainable utility services. Every effort should therefore be made to retain this good relationship with businesses and the medium to long term infrastructural needs of businesses must be included into the municipal IDP.

Investment Incentives

Marketing a local area can play an important role in mobilizing local stakeholders as well as in attracting businesses and industries to an area to facilitate job creation and increase the local tax base. Investment incentive is one tool used by governments to create favourable climates to attract direct investment. These incentives include a variety of measures, which could be used to attract investment, steer into favoured sectors and/or regions, or to influence the character of an investment, e.g. when labour- intensive investment is being sought. Incentives are any measurable economic advantage afforded to specific enterprises or categories of enterprises by a government in order to influence them to behave in a certain manner. Incentives should enhance the desirability of an area or location without having a detrimental effect on existing businesses or industries.

Midvaal Municipality's vision statement: *"MIDVAAL WILL BE RENOWNED FOR ROBUST ECONOMIC GROWTH AND A HIGH QUALITY OF LIFE FOR ALL"*

emphasizes the commitment to ensuring sustainable economic development and growth and decreasing levels of poverty. Key to this is the retention and expansion of existing business, as well as the attraction of new investment. It is imperative to attract investments towards strategically positioned areas where access to infrastructure is available, or can easily be extended. These areas should benefit from primary factors such as visibility and accessibility, and ideally should be accessible to the majority of the workforce.

Strategies for investment incentive should include the reformulation of Midvaal Municipality's regulatory environment so as to make business investment and relocation to the area more attractive and easy. This can be done through the provision of tax and financial

incentives, improving market access to the area, tariff breaks, building competitive advantage and the establishment of industrial development zones (IDZs). Investment incentives are being proposed to unlock economic opportunities in priority development areas and to bring jobs closer to the poor.

The investment incentive strategy should be in line with the existing national incentives offered by the Department of Trade and Industry, which, in co- operation with the Industrial Development Corporation, offers over 90 incentives, loans and rebates to attract investment and support business development. These incentives include the following categories:

- Investment support
- Small business development
- Empowerment finance
- Increasing competitiveness
- Innovation and technology
- Export assistance
- Industrial development zones
- Urban development zones (tax incentives)
- Improved turnaround times for the considering and finalization of land use applications

It is also imperative that the investment incentive is aligned with other government policies and strategies, such as the Sedibeng Growth and Development Strategy (GDS).

Place marketing

There are a number of characteristics of an area that can attract investment, viz. capability differences, cost differences and other factors. *Capability* differences refer to differences between the technology (computer services, machinery that can be accessed etc.) and skilled labour that one area can offer to business, as opposed to another.

Businesses are likely to choose to operate in areas which have the technology and level of skills that they need; since these factors are likely to give them an edge over their competitors. Midvaal's endowments of such factors can be used to differentiate it from other areas and an audit of the area's technology and skills is proposed.

Cost differences refer to costs of production and operation differing between various areas. These costs essentially refer to the cost of services, labour, land for expansion, capital, etc., for businesses wishing to operate in an area. For example, one area may make itself more attractive to business, when compared to another, if it is able to offer services at a lower cost.

Other factors that can affect where businesses choose to invest are the logistics (or so-called 'red tape') that surrounds starting or expanding a business in a particular area. The proximity of the market to the business is also a factor. Proximity not only refers to physical distance, but also the accessibility. Thus, a town situated close to the business' market, which has bad roads linking the business and the market, might be less attractive to investors than a town that is situated further away but has good road infrastructure.

Midvaal currently has a number of major businesses established in the area and it can market itself as an area that is attractive for business. Midvaal's proximity to Johannesburg and Ekurhuleni, along with the N1, R82, R59 and N3 linking it to the metro's, opens up the metro's as a market. In addition, Midvaal's proximity to OR Tambo International Airport, and City Deep and the proposed Logistics Hub, are assets that can be promote to businesses that wish to access national and international markets. An additional advantage is accessibility to utilities such as water and SASOL Gas lines, the relative flat topography, and moderate climate.

As mentioned the quality of services that the municipality provides, the relationship between the municipality and business, the availability of land for industrial use, the accessibility of local and international markets and the proximity of airports are all attributes that make Midvaal attractive to business. These characteristics should be used to market the Midvaal as a unique place for business. The existence of perceptions of a positive economic climate should also be promoted. The Midvaal municipality should make every effort to ensure that it does not lose the attributes that make it attractive to investors.

Agglomeration, clusters, hives and node

Agglomeration economies, which describe the benefits that firms obtain when locating near each other, can attract businesses to an area. The logic is that arrangements such as business nodes and clusters (which is having a number of interconnected businesses, suppliers, and associated institutions in a particular field, located in one geographic area) can create economies of scale. The rationale is that the greater the number of related firms that are clustered together, the lower the cost of production (firms have competing multiple suppliers, greater specialisation and division of labour result), and the greater the market that the firm can sell to. Even when multiple firms are in the same sector (competitors) cluster, there may be advantages because that cluster attracts more suppliers and customers than a single firm could alone. Clusters, hives and nodes can create economies of agglomeration; because it allows for the centralisation of administrative support services, it increases networking, and can facilitate mentoring and sharing advice. A feasibility study should be conducted to ascertain the types of business clusters that could be established, and the logistics of such a cluster (i.e. the availability of physical space; the best geographic location (is it close to potential markets, is it accessible to interested entrepreneurs); the quota of businesses in the cluster etc.

Hives also provides for SMME's to enter the market and seek linkages with established businesses.

Business Advisory Services

A Business Advisory Centre, should be established in Meyerton. This centre could provide SMMEs with advice related to procurement and business development. It should also have a resource centre that does market research and can assist in planning and adapting the business, in order to ensure that they remain competitive in the market. The centre itself can create opportunities for networking and sharing ideas, in particular with established businesses.

The centre should also have an accessible integrated business database (with businesses names, contact details, size, products and or special skills availability for mentorship etc.), and the programs offered by such a centre should be offered through a mobile service throughout Midvaal.. Access to finances is often identified as one of the main barriers to starting or expanding an SMME. It is therefore important to identify and ensure awareness of available financial assistance. Links between respective government departments should be coordinated in order to ensure that entrepreneurs in townships have appropriate information and necessary documentation to enable them to gain financial assistance. It is entrepreneurs in the second economy that find it even more difficult to access financial and organizational support. The centre could assist the second economy businesses to further develop their business skills and structure their operations in a manner that would facilitate their seamless migration into the first economy.

The Centre can be the service point for a variety of agencies such as SEFA, Productivity SA, GEP and community centres.

Business education and skills development

Entrepreneurs who lack business skills and experience are more likely to see their businesses fail. It is therefore important that individuals be equipped with the necessary education and skills needed to exploit economic opportunities and sustain their business. A business skills audit with SMMEs and entrepreneurs would assist in identifying the needs of small businesses. This could inform the type of courses to be offered. The availability of business courses should also be assessed, to determine whether additional courses are required. Some essential courses that should be offered to entrepreneurs are: business planning and financial planning. The accessibility of these courses, in terms of costs and transport to the educational institution and times that courses are offered should be considered.

Business incubators are seen as important instruments to accelerate skills, experience and technology transfers in small enterprises generally and, more importantly, in particular sub sectors on niches. The injection of a significant skills-development component (also including managerial and entrepreneurial training packages) is generally viewed as a prerequisite for small incubators.

Business mentoring

Established businesses can be partnered with emerging businesses for mentoring. Experienced businesspersons can share their knowledge of best practices, financial advice, resources of information with fledgling businessmen. It may be necessary to provide incentives for mentoring, such as municipal tenders preferring businesses engaged in mentoring. The role of Midvaal Business Chamber could be critical in this regard.

The Plato Programme is an example where SMME's are being mentored by successful role players in the local economy. Plato is a programme originated in Belgium, which has successfully trained SMME's in Europe, Egypt and South Africa.

The programme is funded by GEP (Gauteng Enterprise Propeller) and is led by managers from established companies and Standard Bank, who coach groups of 15-20 business owners/ SMME's at monthly discussion groups. The group members decide on the topics and the mentor provides information and guidance on the various issues relating to the selected topics

Municipal Procurement

Municipal procurement is an important mechanism to supports emerging SMME's, Cooperatives and Black Industrialist. Midvaal Local Municipality could have a web-based procurement facility and pro-actively support local emerging and established SMMEs. Success achieved in terms of compliance should be actively monitored and reported on a regular basis to the broader Midvaal community and local businesses. Gauteng Township Revitalisation strategy has identified access to market as one of the interventions to revitalise township economy. A procurement strategy has been formulated by Gauteng Department of Economic Development. This Procurement strategy aims to support the Township Economy Revitalization (TER) Strategy. Government's role is to create an enabling environment in which township enterprises can flourish. Such an enabling and supporting environment will be based on TER's seven Strategic Focus Areas:

- a) Ensuring an appropriate legal and regulatory framework;
- b) Promoting manufacturing and productive activities;
- c) Economic infrastructure support and clustered enterprise development;
- d) Promoting entrepreneurship development
- e) Financing and investing in the township economy;
- f) Promoting access to markets;
- g) Promoting innovation and indigenous knowledge systems.

The purpose of this strategy is to provide a framework for the procurement of goods and services from township enterprises to uplift Co-operatives and SMMEs, thereby creating employment opportunities, alleviating poverty and stimulating local economic growth. The strategy identifies interventions on how to revitalise township economy through government procurement. Three main interventions that will have to be adapted into the municipal systems are:

- Utilization of Central Supplier database: Use of central database that is friendly to township suppliers.
- Purchases of goods and services for values below R500 000: Goods purchased below R500 000 to be sourced from township enterprises.
- Utilization of supplier development Hubs: SMMES and cooperatives will be assisted with:
 - Online registration of their businesses
 - Promotion of on-line registration of township suppliers.
 - Guidance relating to tax clearance with SARS.
 - Guidance relating to opening of business bank accounts.
 - Guidance relating to registration with the Companies and Intellectual Property Commission (CIPC).
 - Guidance relating to B-BBEE compliance.
 - Training on procurement processes and opportunities.
 - Training on business strategies and practices through the Gauteng Enterprise Propeller (GEP), who have the budget allocation for this type of intervention.
 - Business Finance
- Tenders and RFP Interventions: Request for proposals and tenders should have conditions that favours township enterprises. The strategy recommends that a portion of the contract should be for the township enterprise benefit.
- Co-Operatives: establish a database of Co-ops that are operating in the townships. . Thus ensuring the 30% target for township spend is reached by the year 2018/2019.
- Provincial Township Procurement Spend Target: the strategy has set

<ul style="list-style-type: none"> • out targets below which will municipality. • Financial Year 2014/15 - • Financial year 2015/16 - • Financial Year 2016/17 - • Financial Year 2017/18 - • Financial Year 2018/19 - 	<ul style="list-style-type: none"> • have to be implemented by the 6% 12% 18% 24% 30%
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Ongoing training should be given at Ward level on Supply Chain Procedures, compliance and requirements associated to services rendered to the Midvaal Local Municipality. The

Regulations and By-Laws

Regulations and by-laws that affect SMMEs should be reviewed. Consideration should be given to town planning procedures, business- licensing procedures, the impact of financial

procurement requirements etc., which all directly influences the establishment and expansion of SMMEs in particular those located in residential areas. Current systems and procedures should consider how home-based SMME activities with negligible noise and traffic impact could be allowed, in particular if it creates income and job opportunities. These interventions should result in ease of doing business with the municipality.

Midvaal has a number of policies, precinct Plans and systems in place that regulate a variety of town planning processes, which include, but is not limited to the following;

- Six Town Planning Schemes,
- a Spatial Development Framework (SDF)
- Three Regional SDF's
- An environmental Framework
- Three precinct Plans (Two additional Precinct plans are being developed)
- Nodal Policy
- Accommodation Establishment Policy
- Agricultural Policy
- Outdoor Signage Policy
- Density Policy

There should be education awareness to capacitate community members on how to comply with the legislative requirements and associated procedures that need to be followed.

Summary

Midvaal has the potential to market itself as a viable location for businesses, and attract investment, which should absorb local labour and improve local buying power. Beyond attracting big businesses, the area also has the potential to expand SMMEs, which will play an important role in developing the local economy.

Pillar 6: Township Economy Revitalisation

During the state of the province, Gauteng Premier, David Makhura, outlined the provincial Ten-Pillar Programme to radically transform, modernise and re- industrialise Gauteng economy in order to create jobs, eradicate poverty and reduce in-equality. Key to this programme is its pillars which emphasises radical transformation of the economy. Inequality, unemployment and poverty is prevalent in townships hence, township economy need to be revitalised as a key driver and a game changer for economic development in Gauteng.

Key issues

Majority of townships in South Africa have been developed at the periphery of towns with limited facilities and services. These township were designed and developed for residential purposes and did not take cognisance of future community needs ranging from business (retail) to supply of services. Accessibility to transport networks, community facilities, retail and public transportation is still a challenge. This fact has placed a barrier in realising the potential for business in the townships. It is also a fact that policy makers have not properly planned for the townships dwellers to pursue businesses opportunities. Operating business environment is not conducive as there is a lot of compliance requirements that are costly and lengthy making it too difficult to conduct businesses in townships.

In understanding the extent, character and functioning of township economy, a survey was conducted in Sicelo (March 2016). The purpose of the survey was to establish the nature, size and location of business enterprises in townships. The survey revealed that there are 322 Erven (formal houses) in Sicelo. Out of 322 Erven:

- Shops: 21
 - Salon: 7
 - Taverns: 4
 - Restaurants: 4
 - Recycling business: 1
- Total number of non-residential uses is 37

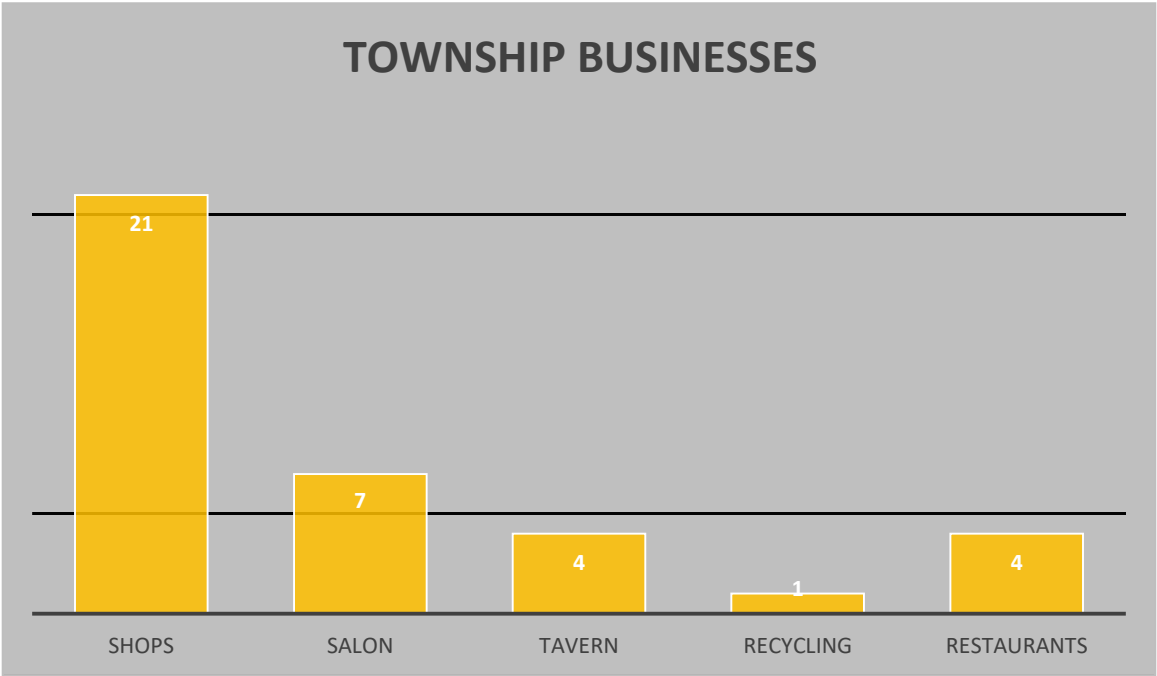
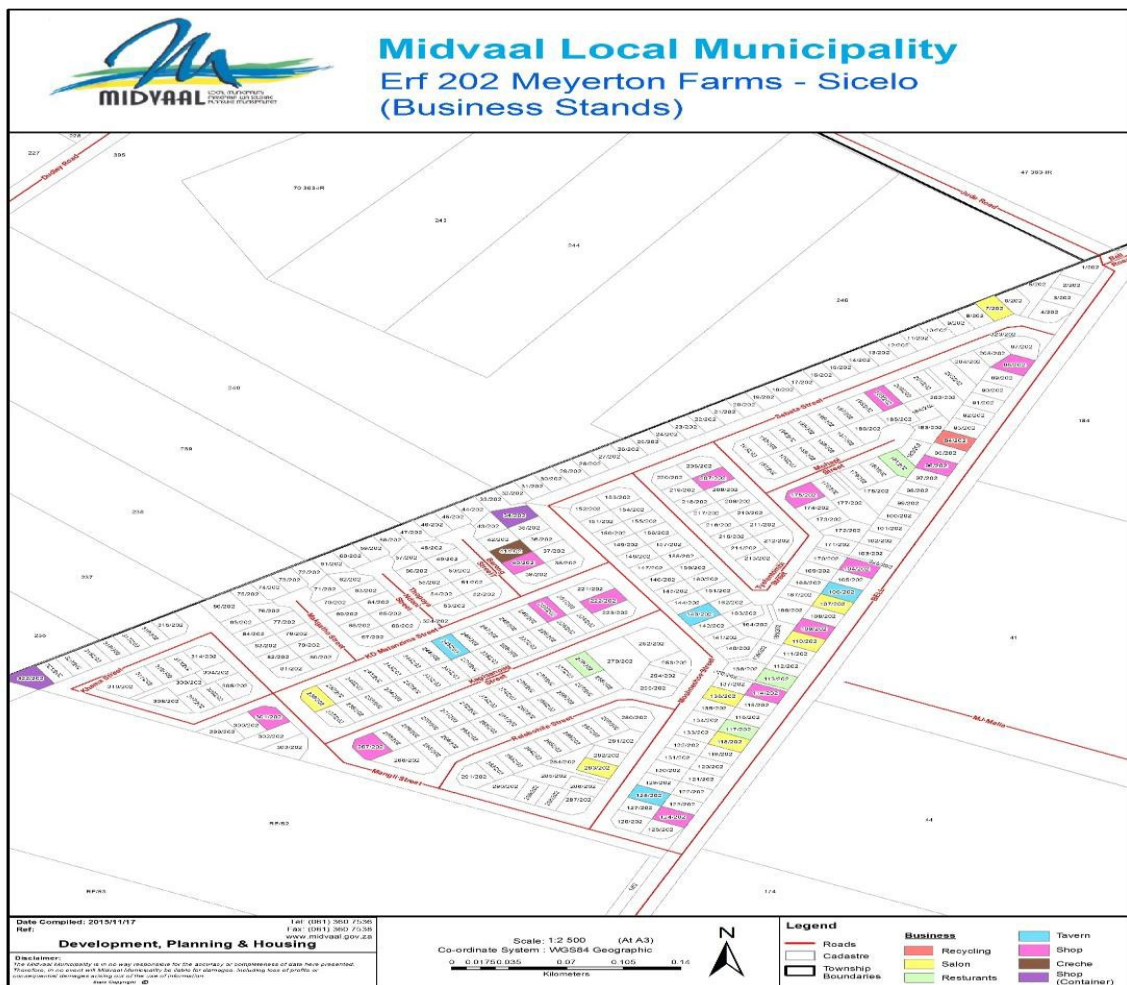


Table: 12 Township Informal Businesses

There is a total of 37 informal businesses in Scelo which amount to 11% of the total erven in the township. There is a need for the businesses and for them to grow and development they need to be supported and formalised, hence a need for intervention in the township economy. Refer to figure:



Map 2: Sicelo Informal Businesses

Objectives

It has been proven and is now widely accepted that there is a need to intervene in the township economy. According to the Gauteng Township Revitalisation Strategy, township economy refers to: “enterprises and markets based in townships”. Within this context townships refers to all proclaimed townships, new and old, that were developed for blacks, Indians and coloureds. They are characterised by unemployment, poverty and inequality.

In Midvaal there are two townships that meet the strategy criteria being Lakeside and Sicelo. There will be inclusion of other townships as soon as they are fully developed and constructed such as Mamello, Bantu Bonke and Savanna City Development.

The long-term objective should be to generate employment opportunities that are accessible to local residents from the majority of towns and communities in order to eliminate the economic stagnation that is pervasive in many townships. Focus should in particular be placed on increasing linkages and accessibility of residents in these townships to economic opportunities in the Meyerton CBD and community facilities in the various nodes as identified in the Midvaal Nodal Policy. However, this should be in the context of the economic growth

potential of each specific township. This does not imply creating secondary CBDs in nodal areas, rather to ensure that new economic development is also directed to these areas, along routes such as activity streets and decentralised nodes. Also of importance is to generate economic opportunities within existing, established CBDs for emerging businesses. Objectives of township economy revitalisation should result in:

- Job creation
- Economic development
- SMME and Cooperative development
- Skills development
- Ease of doing business
- Poverty eradication

The interventions should look into how SMME's and Cooperatives can be assisted to improve their businesses and be self-sustainable. It is understood that the current regulatory framework does not support township enterprises in fact they are seen as a barrier towards township enterprises development. There is a need to review current regulations, legislations and by-laws governing trade and township enterprises in general. It will also be ideal if there can be funding made available to be sourced from external funders to assist township enterprises with compliance matters ranging from submission of plans, architects, town planners. The consultants should be sourced from townships and use the available funds to assist township enterprises with making land development applications. Consultants will assist with necessary applications, studies, plans, business plans and funding applications. It is also equally important to establish business forums that will be focussing on facilitating and coordinating affairs of township enterprises. The forum will form part of the greater Midvaal Business Forum. It should be a platform for communication, sharing of ideas, knowledge and expertise, marketing of township products and represent its members at various intergovernmental forums. Township enterprises will be requested to register in a central database and their information will be kept for future assistance regarding training and development, finance and necessary support. Information obtained will be used to cluster enterprises by commodities for easier management and assistance. The municipality will have to conduct regular educational awareness on supply chain processes for the enterprises to be able to benefit from municipal procurement processes.

Space economy strategy

A wide range of spatial development strategies should be pursued in order to restructure the space economy of townships, and these include the following:

- (a) Linking the Development of Towns to their Growth Potential
- (b) Increase linkages with CBDs and attract Private Sector Investment to Township
- (c) Land Use Management (The consolidation of the current Town Planning Schemes into a single Land Use Management Scheme)
- (d) Spatial Planning and Land Use Management by-laws

Linking the development of towns to their growth potential

The size and extent of residential development, and in particular low-income townships, should be in relation to the growth potential of a particular town. This does not imply that historical issues that prevented farm workers from living in towns, coupled with rural-urban migration due to the increased mechanisation of farms and land tenure, should not be addressed. However, the establishment of large low-income township outside towns with limited growth potential is not economically sustainable and will increase cycles of unemployment, inequality and poverty.

Spatial planning in Midvaal must be informed by the National Development Plan (NDP) and

the Provincial Spatial Development Framework (PSDF).

Increase linkages with CBD's and attract private sector investment

Road transport linkages, facilitating connectivity between CBDs and townships should be improved in a manner that improves the possibility for commercial and retail activity to be developed along routes linking with the townships. This will increase opportunities for the informal sector and SMMEs to become sustainable due to exposure to passing trade and thereby increase their viability. Investment in townships should also be encouraged through strategic investment in public facilities, public open spaces and landscaping of roads. Improving the quality of public spaces and roads will contribute towards increasing the value of residential properties as household asset. Part of basic infrastructure investment should be improving informal trading areas, not only in the townships but also so in the CBD's.

A challenge in the informal sector is the perception that there is no "Social Compact", and it is through a variety of private-public partnerships that this barrier can be broken down.

Neighbourhood Development Partnership Grant (NDPG)

The NDPG recognition that strategic public sector investment in community facilities and places can provide the stimulus for sustainable private sector investment and improvement in the asset value of township properties. The fund focuses not only on the nature of the community facility or place, but specifically how public sector investment can attract private sector investment in order to improve access to shops, markets, recreational and community facilities, and public transport.

Creating Opportunities within Existing CBDs

Emerging businesses and in particular those owned by historically disadvantaged individuals, have the challenge of both starting a new business as well as finding appropriate and affordable buildings and land to lease or for purchase. Opportunities that may arise within the existing CBDs, such as the sale of municipal land or buildings should aim to also create opportunities for such businesses.

Informal Trading Within CBD

It is important to ensure that there is adequate provision of properly managed informal trading areas in the CBD. The municipality together with the informal traders will have to establish an institution that will manage the informal trading area in the CBD. The institution to be formed will be responsible for among others: allocation of trading spaces, management of trading areas, law enforcement and upkeep of the trading areas.

Land use management and control

The application of land management mechanisms such as Town Planning Schemes, assist with generating land use order and avoid conflicting land uses in close proximity to each other. However land use control has also been used to retain the dormitory status of suburbs. Households with high levels of car ownership may be able to easily access remotely located economic and social services and opportunities. However for many township residents, zoning that does not allow non-residential activities, and where the majority do not have a car, dormitory suburbs is a huge impediment and adds to disempowering poor residents. Therefore flexible zoning, that does not include uses that is noxious or a nuisance, should be pursued and change in land use application should be accelerated in poor areas, where it will contribute to increased economic and business activity within towns.

It is generally accepted that a new Land Use Management Scheme would expedite the land use approval process, while still ensuring accountability and transparency. There is a need to address informal economy and how it can be accommodated in the new legislations and

policies such as new Land Use Management Scheme. Procedures and processes on how to deal with informal businesses (primarily in townships) should be clearly articulated and the processes or procedure to be followed should not be lengthy, complicated and costly as that frustrate SMMEs and township businesses to comply. There is a proposed Township Revitalisation Intervention Table 15 hereunder, which start to identify critical areas to intervene in the township economy and create a friendly business climate in townships.

Summary

The nature, form and location of low-density residential areas and townships, have a direct impact on their ability to attract private sector investment, associated employment opportunities and possible SMME developments. The future development of towns, and in particular the extension of townships, should be linked to their economic growth potential. Consequently the development of large-scale dormitory low-income townships should be avoided in smaller towns with a limited economic base and job opportunities. Integrated spatial planning measures, aimed to improve transport linkages between CBDs and townships should also be explored. Coupled with this is the need to significantly improve the quality of community facilities and spaces in townships, with the objective to increase the asset values of properties located here. It is also of importance that economic opportunities are created for emerging businesses within established CBDs. Township economy is not an easy area to intervene into, given its complicated structural formation, institutional arrangements and spatial geography. Interventions should therefore try to respond to most challenges facing this economy and enhance potential of the economy.

LAND USE	INTERVENTION
HOUSESHOP	<ul style="list-style-type: none"> • Waiving application requirement for house-shops (tuckshops) by consent to make it a primary right, provided it is 25m² and less and sell non-perishable goods excluding sale of liquor and preparation of meals. • Waive application fees, development contributions, rates and taxes • Waive building plan requirement if no additions are made to the existing house • Letter to be written to the municipality with the support of local community consenting to the trade. • No containers shall be allowed unless an application for a building plan is submitted in terms of the container policy.
TAVERN, RESTAURANT, CAR-WASH, CONTAINERS	<ul style="list-style-type: none"> • A consent application to be submitted • To be renewed after 24 months • Trading hours to be included • In terms of liquor a licence to be obtained • Development contributions to be waived, but rates and taxes to be paid • Application fee to be paid • Building plans to be submitted • Health permit to be obtained for selling of food • All business operating from a container should be in accordance with the zoning of that specific property • Building plans should be submitted • No container should be located along the road reserve, public open space or municipal property
STREET TRADING	<ul style="list-style-type: none"> • Street trading shall be allowed only at designated locations as per the Street Trading Policy

	<ul style="list-style-type: none"> • The products sold (merchandise) should be of the acceptable quality and no counterfeit products should be sold
MANUFACTURING (STEEL AND FURNITURE), CAR MECHANICS	<ul style="list-style-type: none"> • Manufacturing of steel and furniture shall not take place within the core of residential but only along major activity roads. • The trade should be in compliance with the street trading by-laws • If it happens within private properties a proper land use application should be submitted • Building plans should be submitted • Application fee, contributions and rates and taxes are payable • Trading hours to be restricted
REGULATORY FRAMEWORK	<ul style="list-style-type: none"> • Current regulatory framework makes it impossible for informal trading to be formalised, flourish and positively contribute to local economic development. • The following bylaws should be formulated: • House-shop bylaws • Tavern and Shebeen bylaws • Street Trading bylaws to be amended • New consolidated Town Planning Scheme should acknowledge and incorporate informal trading • Spatial planning policies and precinct plans should make provision for informal trading and acknowledge its existence.

Table: 13 Township Revitalisation Implementation

Pillar 7: SMME, Cooperatives and Black Industrialists

SMME's and Cooperatives have been recognised as being key in responding to the nation's economic challenges, which include poverty, high unemployment rates and inequality, hence government made a decision to create the Department of Small Business Development (DSBD). The vision of the department is to see a radically transformed economy through effective development and increased participation of SMMEs and cooperatives in the mainstream economy.

SMME's and cooperatives have been identified as the sectors of the economy that can close the unemployment gaps and improve the economy. Nearly 80 percent of small businesses in South Africa offer retail services and the remaining 20 percent provide services. The National Development Plan articulates a vision of an economy that is inclusive, equitable and fast growing, with SMME contributing 90% of the jobs by 2030.

Thus, SMME's and cooperatives should be supported by encouraging those who might not be active; identifying and creating opportunities; creating an enabling environment and identifying those who are already active and empower them.

"Black Industrialist" refers to a person, company or cooperative that is owned by black South Africans to complement Broad-Based Black Economic Empowerment by focusing support directly at black manufacturers in providing a long term strategic and operational leadership in business. According to Black Industrialist Policy, a Black Industrialist is someone or a company that:

- provides strategic and operational leadership to the business;
- has a high level of ownership (>50%) and/or exercises control over the business;
- identifies opportunities and develops business to take advantage of these opportunities (entrepreneurial);
- takes personal risk in the business;
- does business in the manufacturing sector, with particular reference to IPAP focus areas; and
- Makes a long-term commitment to the business and is a medium to long-term investor.

The intention of the policy is to contribute towards shifting the demographic composition of the South Africa's industrial sector and create industrial linkages amongst black people, capacitation and necessary support.

It is the intention of government to support 100 Black Industrialist be it emerging or established industrialist.

The municipality should identify such industrialists and link them with government support and assistant programmes. From the level of the municipality, they should be assisted in ensuring that it is easier for them to conduct business and are supported accordingly.

KEY ISSUES

Most of the SMMEs and cooperatives primarily in townships are still operating within the informal economy. Their business is primarily informal and operated from illegal buildings or structures. Due to their informal nature it is so difficult for their businesses to grow as they

cannot secure finance and are not adhering to some business trading rules. The other factor is that there is limited support rendered by the authorities with regard to assisting the businesses to be formalised and graduate from informal to formal economy. It is also equally challenging that in most townships, there was no provision made for this economy either from spatial policies/plans or even during township establishment stages.

OBJECTIVE

The objective is therefore to ensure that SMME's, Cooperatives and Black Industrialist are supported and encouraged to operate sustainably. This will ensure that they are centres of accelerated economic growth and development and result in:

- Provide services that are accessible, sustainable, equitable and responds to the community needs
- Job creation
- Economic growth
- Graduation from survivalist mode to become entrepreneurial small businesses
- Competitive SMME, Cooperative and Black Industrialist business environment

SUMMARY

The immediate intervention for Black Industrialist, SMME's and Cooperatives, will be to update their database register and ensure that the register is maintained. It will enable the municipality to identify the needs be it training, skills developments, financial support, etc. The other assistance that will be offered by the municipality is to ensure that there is continuous information sharing workshops in relation to business regulatory legislations and municipal supply chain processes.

Pillar 8: Poverty Reduction

Poverty reduction is central to the government initiative to improve the wellbeing of the poorest residents. Some of the aspects addressed in this section have already been discussed in previous chapters. A focus on sustainable livelihood provides a platform for a long-term poverty reduction strategy. In order to develop strategies to alleviate poverty it is important to define poverty. Poverty can best be understood through the following definition:

'Poverty is more than a lack of income. Poverty exists when an individual or a household's access to income, jobs and/or infrastructure is inadequate or sufficiently unequal to prohibit full access to opportunities in society. The condition of poverty is caused by a combination of social, economic, spatial, environmental and political factors.'

Understanding poverty is important because poverty reduction is a critical pre-condition for economic development. Households or individuals are considered to be poor when the resources they command are insufficient to enable them to consume sufficient goods and services to achieve a reasonable minimum level of welfare. Poverty has generally been measured in terms of a poverty line, based on the cost of a basic food basket. This analysis has, however, neglected the dynamics of poverty and has failed to distinguish between aspects such as transient and persistent poverty; between different household trajectories; impoverishment or improved well-being; or between deprivation and insecurity. Poverty

inhibits people's ability to participate meaningfully in the economy and society. Poverty is intrinsically linked to economic, social and psychological well-being through its link to a host of factors such as: inadequate access to basic municipal services, under and unemployment, low levels of income, unstable economic assets, lack of access to shelter, positive correlation with poor health outcomes, poor education outcomes, limiting decision-making, etc. Poverty is characterized by individuals and households struggling to sustain their livelihood. This struggle may be characterized by individuals and households being caught up in vicious cycles of deprivation, which limit the ability of individuals and households to break out of the poverty trap.

Internationally poverty reduction strategies have moved away from merely focusing on reducing poverty through social welfare programmes to adopting a sustainable livelihood approach to poverty reduction. Assets are at the centre of this approach, with households or individuals drawing from these assets in order to build their livelihoods. Poverty reduction differs from poverty alleviation which focus more on social welfare interventions. It is not the intention of this document to deal with *poverty alleviation* programmes and this should rather be developed as a separate strategy.

Key issues

Poverty is prevalent in virtually all towns in Midvaal but more so in towns such as Sicelo, Mamello, Daleside and De Deur; as well as the informal settlements at Boitumelo, Kayelitsha, Piels Farm and Varkeng. Social investment should be concentrated in the towns with the greatest need, without ignoring investing in all impoverished communities throughout the Midvaal. Rural development and uplifting the quality of life of farm workers is essential. It is important to promote development and poverty reduction in neighbouring areas as well, because if neighbouring areas remain underdeveloped, their unemployed and poor will migrate to Midvaal, which will create new challenges for Midvaal's development.

Objective

The intention of a poverty reduction strategy is to improve the quality of life of the poor and reducing a dependency on social welfare over time. Given the nature of poverty traps, poverty can become intergenerational, and programmes need to be put into place, which aim to break the cycle of poverty.

Sustainable livelihoods strategy

The assets that form part of this approach are: social capital, natural capital, financial capital, physical capital, and human capital. The linkages between these assets are each discussed in greater detail in the sections that follow.

Financial capital

A business advisory service should be put in place to advise individuals and SMME's on appropriate low interest loan alternatives finance capital acquisitions, guarding against the acquiring of unsecured loans, and advising on interest, compound interest, loan terms etc.

Implementation of programmes such as the CWP (Community Works Programme) and the EPWP (Extended Public Works Programme) should be seen as short term initiatives to increase the livelihood of previously disadvantaged, especially those in designated groups such as women, youth and the disabled.

Other more sustainable programmes relate to programmes aimed at food security, such as school food gardens, community food gardens and homestead food gardens.

Physical capital

Adequate shelter and basic services (especially access to water, electricity, and sanitation) should be provided in areas close to social and economic opportunities; such as public schools, healthcare, places of employment, etc. A variety of affordable housing options should be provided in well-located areas to ensure that these houses can be used as assets. Addressing backlogs in basic services should be coupled with improvement of public spaces (e.g. planting trees, paving sidewalks) to allow poor households to leverage their houses as an asset. The provision of effective and efficient public transport between townships and CBO's is also critical.

Natural capital

This focus on facilitating access for the poor to natural resources, such as flora, fauna, land, etc. to contribute towards sustainable livelihoods. This deals with aspects such as agricultural land for emerging farmers, the benefits from establishing nature reserves, the use of fishing resources i.e. fish farming etc. Developments should not deplete the areas wealth of natural assets, sustainable usage should therefore be encouraged. The national government has several programmes aimed at protecting and preserving our environment. The GCIS publication has identified programmes such as the Working for Fire programme, Working for Water programme, Working for Wetlands, EPWP and the CWP, which not only preserve the environment but has potential for creating employment. Midvaal Municipality can play a role in co-ordinating as well as increasing awareness of these programmes amongst communities.

Social capital

Social capital is a broad concept, put simply it refers to the level of social cohesion within a community (i.e. how well people get along and relate to one another). Social capital is important because it affects people's ability to network within their community. It also affects investors' perception of an area, and determines whether businesses choose to locate in a town. Therefore, a programme to increase social capital should address issues of youth developmental needs, substance abuse and crime. Rehabilitation clinics for substance abusers should be more accessible (lower costs or free), and should offer continued support to prevent relapses. Support groups should also be promoted for anyone in need of counselling.

There should also be adequate and accessible recreational facilities and activities, and the youth in particular should be engaged in constructive activities. Currently, there are a number of CBOs and NGOs working in various towns to build social capital. Youth camps and life skills programmes should be expanded and replicated throughout Midvaal.

CBOs and NGOs should be supported through partnerships with the private sector and the municipality. For example, businesses should be encouraged to donate a percentage of sales to a specific CBO or NGO. This encourages consumer loyalty for the business, and provides funding for the organisation. The actions of CBOs and NGOs should also be co-ordinated to avoid duplication, to ensure that all communities are reached, and to create awareness so people can access the organisations that they need. One tool for co-ordination could be the circulation of a monthly newsletter, or utilising the local newspapers to share relevant information pertaining to CBOs and NGOs. A municipal fund could also be established to promote and support community based organisations and non-governmental organisations to establish school feeding programmes, early childhood development programmes, food gardens, etc.

Human capital

This strategy should focus on investing in education and training; and developing and supporting lifelong learning programmes. As discussed in the chapter on elevating education, skills and training, building human capital should be related to growing economic sectors. A holistic approach to addressing health issues is required, with particular focus on HIV/AIDS. Such a programme should include promoting access to clinics, access to Highly Active

Antiretroviral Therapy (HAART) for AIDS patients, access to treatment for chronic conditions (high blood pressure, diabetes etc.), access to family planning, access to nutrition and access to health education. CBOs and NGOs that provide education and care for people infected and affected by HIV/AIDS should be supported.

Other strategies

Other approaches that should be considered include a rural economic assistance strategy, targeting the rural poor. As part of such a strategy, the poor should be informed of the type of assistance the local authority could offer, as well as means of accessing such assistance by compiling business plans etc. Partnerships with commercial farmers would play a vital role in ensuring the success of such a strategy.

Summary

It is important that poverty be reduced through adopting an approach that will sustain improvements in quality of life. Through focusing on the development of assets, as opposed to the expansion of welfare programmes, households will be able to break vicious cycles of poverty and marginalisation. A sustainable livelihood approach requires the simultaneous development of financial, physical, natural, social and human capital of poor communities to Midvaal.

The chapter that follows addresses the implementation of the Midvaal LED strategy.

- **Support local economic sectoral development:** Sectors that need to be supported include manufacturing, tourism, agriculture, transport, and housing. These sectors need to focus on growth and maximization of forward and backward linkages.
- **Job creation initiatives:** All strategies need to be focused on job creation. Aspects of importance include skills development, governmental initiatives such as the EPWP and the setting-up of a massive interns programme and Kgatelopele Youth Development Programme.
- **Small Business Development:** The development and strengthening of incubators, training centres, job creation centres, mentor programmes, entrepreneurship development and informal sector development support.
- **Service delivery:** Improved capacity, good governance, partnership building, infrastructure development and the creation of an enabling environment.
- **Improved quality of life:** Reduction of poverty, provision of basic needs, improved safety nets and food security.
- **Agricultural growth and development:** Intervene in the agricultural sector as a game changer to create jobs and improve quality of life.
- **Procurement strategy:** Municipality spent on local communities, RFQ and Tenders to benefit township enterprises and processes should not be complicated.
- **Business development forum:** Platform between municipality, government, community members and private sector to intervene in economic growth and development.

SECTION 7: IMPLEMENTATION

Midvaal Municipality's vision is to "be renowned for better quality of life for all" The vision relates well to the objectives of local economic development at a national and provincial level, which aim to promote sustainable economic growth, create job opportunities, improve skill levels, reduce poverty and promote broad based economic empowerment.

7.1 THE IMPORTANCE OF PUBLIC PRIVATE PARTNERSHIPS

From the previous chapters it is clear that a wide range strategies, associated programmes and projects would need to be implemented, in order to realise the local economic development objectives and contribute towards achieving the municipal vision and mission. The municipality is however not required to be the only role-player nor is it required to directly create jobs. However, Midvaal Municipality has an important economic development role in terms of facilitation, coordination, mediation and capacity building of other role players. The implementation of the various strategies requires therefore the formation of partnerships with the public, community and CBO/NGO sectors, depending on the particular strategy to be pursued.

A number of partnership arrangements are possible and the following is not exhaustive and various combinations of these are possible. The key distinguishing characteristics of each are the primary driver and what form of secondary support is needed for success.

The possible partnerships with the private sector as a key role player include the following:

- *Private Driven-Public Response Partnership Model:* This approach is based on the private sector planning and financing programmes, but mobilising public support. For example, the public sector could be requested to support approvals from others spheres of government finance bulk utility infrastructure, mobilise public sector funding, ensure that a certain number and range of jobs are generated, etc.
- *Public Driven-Private Response Partnership Model:* The primary driver would be the public sector creating an incentive (through example, tax rebates or subsidising infrastructure) for the private sector to respond. This approach can be used in areas (e.g. in poor areas) where the private sector has not been active in term of economic development.

It is also possible to embark on economic development initiatives with the public and NGO/CBO sector as the key role players:

- *CBO/NGO Driven-Public Assisted Partnership Private Model:* This approach involves capacitated CBO's being awarded the primary responsibility for implementing an economic development programme and the public sector (e.g Midvaal Municipality) providing administrative, logistic and possible financial support. This approach holds the potential to gain significant community support for an initiative, but could be undermined if the CBO/NGO does not have sufficient institutional capacity, or it has limited community legitimacy.
- *Public Driven-Community Development Partnership Model:* This approach is based on the public sector being the primary driver of a programme, with strong community development objectives. A key concern of this model is the risk of excluding the private sector, in particular if the objectives include creating new job opportunities.
- *Public-Public Partnership:* This involves the various spheres of government (district, local, provincial, and national government departments) forming partnerships with each other in order to plan and implement an economic development programme.

Obviously, various combinations of these are also possible. Ideally there should be a multiple of agencies involved in local economic development. It is, however, of importance that the **lead agency** should be clearly identified. This could differ, depending on the issue at hand and

the capacity of the lead agency.

7.2 ECONOMIC DEVELOPMENT STRATEGIES AND PUBLIC PRIVATE PARTNERSHIPS

A GCSI publication 'Building a People's Contract for Faster and Shared Growth, gives a broad overview of programmes and job creation opportunities initiated by different government departments. These programmes focus on the following areas

- Agricultural
- Land Programmes
- Construction
- The environment
- Working with and caring for people
- Small, Medium and Micro-Enterprises (including the second economy entrepreneurs)
- Tourism
- Arts and Culture Skills Training, Bursaries and Internships

This table is by no means comprehensive, but rather indicative of the potential opportunities that could be explored.

7.3 ROLE OF MIDVAAL MUNICIPALITY

The role of Midvaal Municipality in LED is highlighted in section 1.4 and include the following:

- *Primary Role*
 - Appropriate spatial planning and facilitation of associated township development.
 - Provision of utility services (water, waste management; electricity; roads, etc) in both established and poor areas (townships).
 - Place marketing Midvaal in partnership with local business.
 - Procurement policies, including land and purchases, favouring emerging SMME's and developers.
 - Investment in residential infrastructure and public facilities and spaces, included in townships (asset building and poverty reduction).
 - Mentorship and apprenticeship programmes within municipality
- *Secondary Role*
 - Facilitate the provision of business development service – partnership with other spheres of government; NGOs and private sector.
 - Facilitate the generation of employment opportunities and use of local labour (e.g assist with development of a data base and engaging employers including Government Departments, such as Department of Public Works (EPWP and CWP) on a regular basis)
 - Assist with product development and branding through partnership with sector specialist (agriculture; tourism; manufacturing and trade.)
 - Facilitating and co-ordinating the activities of role players providing education; skills development and training in partnership with NGOs and business. Including Procurement and Indigent Training

Other potential municipal roles are identified in the previous chapters.

7.4 BUSINESS SUPPORT RESOURCE MOBILISATION CENTRE

The analysis and strategy development indicated that the need for product development, business support and marketing are common to all the sector strategies. This support centre is different from a Red Door approach by government. The public sector driven Red Door is an advice and networking centre. The proposal for a Business Support Resource Mobilisation Centre is therefore supported. The function of this centre would be to facilitate the provision of the following services

- ☐ Business Advisory Services
- ☐ Municipal Procurement
- ☐ Business Education and Skills Development
- ☐ Business Mentoring
- ☐ Skill Development and Training
- ☐ Internet facilities

- Partnerships between emerging SMMEs and established businesses
- Bases for networking, sharing ideas and showcasing good practice
- Promotion of sector product development and place marketing

It is proposed that the Centre be established as partnership between Midvaal Municipality and any interested stakeholder. Funding will have to be sourced for the centre.

7.5 SPECIALIST IN PRODUCT DEVELOPMENT

This has to be pursued by specialist within the specific sectors of agriculture, manufacturing, trade and tourism. However, Midvaal Municipality needs to play a facilitative and co-ordination role. As indicated in the table many of these specialist role players are government agencies and include organisations such as the CSIR, GDARD, DGOG, DBSA, etc, but also relevant academic and technical research institutions.

7.6 ECONOMIC DEVELOPMENT FORUM

The establishment of a Midvaal Economic Development Forum is a pre-requisite for future engagement by all relevant stakeholders. The purpose of the forum is to devise strategies, and programmes that would facilitate economic development in Midvaal, and should include Government, Organized Business, Big Business, SMME's Cooperatives, Youth and NGO's. It should encompass all sectors, including, manufacturing, construction, agriculture, financial services and tourism.

The forum is to share ideas and collectively seek funding for the implementation of programmes and projects.

IDP - KEY PERFORMANCE AREA	KEY FOCUS AREA	LED STRATEGY	PROGRAMME	PROJECT
	<ul style="list-style-type: none"> • YOUTH DEVELOPMENT 	<ul style="list-style-type: none"> • YOUTH DEVELOPMENT 	<ul style="list-style-type: none"> • KGATELOPELE YOUTH DEVELOPMENT PROGRAMME 	<ul style="list-style-type: none"> • YOUTH COOPERATIVES • COMMUNITY DEVELOPMENT PROGRAMMES
ECONOMIC GROWTH AND DEVELOPMENT	<ul style="list-style-type: none"> • PLANNING AND GROWTH 	<ul style="list-style-type: none"> • SPATIAL PLANNING AND TOWNSHIP DEVELOPMENT 	<ul style="list-style-type: none"> • LINKING THE DEVELOPMENT OF TOWNS TO THEIR GROWTH POTENTIAL • INCREASE LINKAGES WITH CBD's AND ATTRACT PRIVATE SECTOR INVESTMENT TO TOWNSHIPS 	<ul style="list-style-type: none"> • INFORMAL TRADING POLICY • BY-LAW REVIEW

	<ul style="list-style-type: none"> LOCAL ECONOMIC DEVELOPMENT 	<ul style="list-style-type: none"> BUSINESS DEVELOPMENT AND SUPPORT 	<ul style="list-style-type: none"> MUNICIPAL INFRASTRUCTURE AND SERVICES INVESTMENT INCENTIVES PLACE MARKETING AGGLOMERATION, CLUSTER, HIVES AND NODES BUSINESS ADVISORY SERVICES BUSINESS EDUCATION AND SKILLS DEVELOPMENT BUSINESS MENTORING MUNICIPAL PROCUREMENT REGULATIONS AND BY-LAWS 	<ul style="list-style-type: none"> NEW TOWN PLANNING SCHEME WORKSHOPS ON REGULATORY AWARENESS PROCUREMENT STRATEGY
		<ul style="list-style-type: none"> SUSTAINABLE LIVELY HOOD 	<ul style="list-style-type: none"> FINANCIAL PHYSICAL CAPITAL NATURAL CAPITAL SOCIAL CAPITAL HUMAN CAPITAL 	
	<ul style="list-style-type: none"> URBAN RENEWABLE 	<ul style="list-style-type: none"> SPATIAL PLANNING AND TOWNSHIP DEVELOPMENT 	<ul style="list-style-type: none"> INCREASE LINKAGES WITH CBD's AND ATTRACT PRIVATE SECTOR INVESTMENT TO 	<ul style="list-style-type: none"> URBAN RENEWAL POLICY

	<ul style="list-style-type: none"> CAPACITY BUILDING 	<ul style="list-style-type: none"> YOUTH & SKILLS DEVELOPMENT, EDUCATION AND TRAINING 	<ul style="list-style-type: none"> EARLY CHILDHOOD DEVELOPMENT SCHOOL ASSISTANCE AND DEVELOPMENT TERTIARY TRAINING INSTITUTIONS 	<ul style="list-style-type: none"> EARLY CHILDHOOD DEVELOPMENT POLICY
	<ul style="list-style-type: none"> INVESTMENT TRADE AND INDUSTRY 	<ul style="list-style-type: none"> GROWTH OF SECTORS WITH COMPARATIV 	<ul style="list-style-type: none"> GROWING TRADE GROWING MANUFACTURING 	<ul style="list-style-type: none"> INCENTIVES POLICY
	<ul style="list-style-type: none"> AGRICULTURE GROWTH AND DEVELOPMENT 	<ul style="list-style-type: none"> GROWTH SECTORS WITH COMPARATIVE ADVANTAGE 	<ul style="list-style-type: none"> GROWING AGRICULTURE 	<ul style="list-style-type: none"> AGRICULTURAL GROWTH STRATEGY SUPPORT DE DEUR AGROPROCESSING

				<ul style="list-style-type: none"> MAKE LAND AVAILABLE FOR AGRICULTURE (LEASE)
	<ul style="list-style-type: none"> TOURISM 	<ul style="list-style-type: none"> GROWTH SECTORS WITH COMPARATIVE ADVANTAGE 	<ul style="list-style-type: none"> GROWING TOURISM 	<ul style="list-style-type: none"> TOURISM STRATEGY

Table 14: Implementation Plan

LED STRATEGY PILLAR	PROGRAMME	PROJECT	DEPT	FINANCIAL YEAR	BUDGET
<ul style="list-style-type: none"> • YOUTH DEVELOPMENT 	<ul style="list-style-type: none"> • KGATELOPEL E YOUTH DEVELOPMENT PROGRAMME 	<ul style="list-style-type: none"> • YOUTH COOPERATIVES 	DP AND H	2016/17	R8 000 000
		<ul style="list-style-type: none"> • COMMUNITY DEVELOPMENT PROGRAMME 	DP AND H	2017/18	R700 000
		<ul style="list-style-type: none"> • COMMUNITY DEVELOPMENT PROJECTS 	DP AND H	2016/17	TBC
<ul style="list-style-type: none"> • SPATIAL PLANNING AND TOWNSHIP DEVELOPMENT 	<ul style="list-style-type: none"> • LINKING THE DEVELOPMENT OF TOWNS TO THEIR GROWTH POTENTIAL • INCREASE LINKAGES WITH CBD's AND ATTRACT PRIVATE SECTOR INVESTMENT TO TOWNSHIPS • LAND USE 	<ul style="list-style-type: none"> • INFORMAL TRADING POLICY • BY-LAW REVIEW 	DP AND H	2017/2018	OPERATIONAL

<ul style="list-style-type: none"> BUSINESS DEVELOPMENT AND SUPPORT 	<ul style="list-style-type: none"> MUNICIPAL INFRASTRUCTURE AND SERVICES INVESTMENT INCENTIVES PLACE MARKETING AGGLOMERATION, CLUSTER, HIVES AND NODES BUSINESS ADVISORY SERVICES BUSINESS EDUCATION AND SKILLS DEVELOPMENT BUSINESS MENTORING MUNICIPAL 	<ul style="list-style-type: none"> NEW TOWN PLANNING SCHEME WORKSHOPS ON REGULATORY AWARENESS PROCUREMENT STRATEGY 	FINANCE	2017/2018	OPERATIONAL
<ul style="list-style-type: none"> SUSTAINABLE LIVELY HOOD 	<ul style="list-style-type: none"> FINANCIAL CAPITAL PHYSICAL CAPITAL NATURAL CAPITAL SOCIAL CAPITAL HUMAN CAPITAL 	<ul style="list-style-type: none"> SUPPORT AGRICULTURAL INITIATIVES AND PROGRAMMES 	DP AND H	2016/2017	OPERATIONAL

• SPATIAL PLANNING AND TOWNSHIP DEVELOPMENT	• INCREASE LINKAGES WITH CBD's AND ATTRACT PRIVATE SECTOR	• URBAN RENEWAL POLICY	DP AND H	2017/2018	OPERATIONAL
• YOUTH & SKILLS DEVELOPMENT, EDUCATION AND TRAINING	• EARLY CHILDHOOD DEVELOPMENT • SCHOOL ASSISTANCE AND DEVELOPMENT • TERTIARY TRAINING INSTITUTIONS	• EARLY CHILDHOOD DEVELOPMENT POLICY	SOCIAL	2017/2018	OPERATIONAL
• GROWTH OF SECTORS WITH COMPARATIVE ADVANTAGE	• GROWING TRADE • GROWING MANUFACTURING • GROWING	• INCENTIVES POLICY	DP AND H, FINANCE AND ENGINEERING	2017/2018	OPERATIONAL
• GROWTH SECTORS WITH COMPARATIVE ADVANTAGE	• GROWING AGRICULTURE	• AGRICULTURAL GROWTH STRATEGY	DP AND H	2016/2017	OPERATIONAL
		• INVESTIGATE AGRICULTURE	DP AND H	2016/2017	OPERATIONAL

		• SUPPORT DEUR AGROPROCESSI N G CENTRE	DP AND H	2016/2017	OPERATIONAL
		• MAKE LAND AVAILABLE FOR AGRICULTURE (LEASE)	DP AND H, FINANCE AND COPORAT E	2016/2017	OPERATIONAL
• GROWTH SECTORS WITH COMPARATIV E ADVANTAGE	• GROWING TOURISM	• TOURISM CALENDE R	DP AND H	2016/2017	OPERATIONAL
		• TOURISM DATABAS E			

Table 15: Business Plan

SECTION 8 MONITORING AND EVALUATION

In ensuring satisfactory achievement of the strategy outcomes, the activities will have to be monitored and evaluated against time, quality and budget. Monitoring and evaluation are important management tools to track progress in the implementation of the strategy and facilitate decision making. Regular monitoring and evaluation of the strategy implementation process, will ensure effective and efficient strategy implementation process.

The municipality, Forum, Community members, private sector and governments department will form a committee that will oversee the implementation of the strategy. The committee will be a formal institution of the municipality with clear Terms of Reference approved by the municipality. The Committee will hold the monitor and evaluate the progress of implementation, identify challenges and devise solutions in ensuring successful implementation of the strategy.

The committee's progress will also be monitored by the municipality through its committees (Section 80 or Mayoral Committee).

SECTION 9 CONCLUSION

Midvaal is strategically located adjacent to two of the most prominent economic hubs in South Africa in JO'burg MM and EMM. The well-developed road and rail infrastructure network and moderate topography linked with relative low development density and natural geographic features makes Midvaal Local Municipality the ideal area to attract new economic development.

The key to unlocking this comparative advantage is to develop the area's human and physical resources. It will require the mobilization of all sectors in the economy to ensure diversity and sustainability.

The systematic development will require the implementation of multi-year strategies aligned with infrastructure development, spatial planning, marketing, educational and vocational training and development.